



DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION

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SOCIAL SECURITY AMENDMENTS OF 1967

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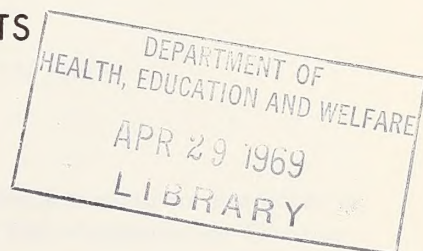
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**REPORTS, BILLS,
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DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION

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COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

ACTUARIAL COST ESTIMATES FOR THE OLD-AGE,
SURVIVORS, DISABILITY, AND HEALTH INSUR-
ANCE SYSTEM AS MODIFIED BY H.R. 12080 AS
PASSED BY THE HOUSE OF REPRESENTATIVES,
AS REPORTED TO THE SENATE, AND AS PASSED
BY THE SENATE



NOVEMBER 27, 1967

Prepared for the use of the Committee on Ways and Means
by Robert J. Myers, actuary to the committee

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**ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS,
DISABILITY, AND HEALTH INSURANCE SYSTEM AS MODIFIED
BY H.R. 12080 AS PASSED BY THE HOUSE OF REPRESENTA-
TIVES, AS REPORTED TO THE SENATE AND AS PASSED BY THE
SENATE**

**I. ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS,
AND DISABILITY INSURANCE SYSTEM**

A. INTRODUCTION

This actuarial report presents both short- and long-range cost estimates for the old-age, survivors, and disability insurance system as it would be under the three versions of H.R. 12080—namely, as passed by the House of Representatives on August 17, as reported by the Senate Committee on Finance on November 14, and as passed by the Senate on November 22.

From an actuarial cost standpoint, the major features of this bill as passed by the House are as follows (a complete analysis is contained in H. Rept. 544, 90th Cong.):

(1) Monthly benefits for all types of insured beneficiaries would be increased by $12\frac{1}{2}$ percent, with a minimum primary insurance amount of \$50.

(2) The basic benefit for transitionally insured and noninsured persons (aged 72 and over) would be increased from \$35 to \$40 per month.

(3) A maximum of \$105 per month would be made applicable to wife's benefits (having effect generally only in the distant future).

(4) Liberalized benefit protection would be available for dependents and survivors of women workers (only the same insured-status requirements as for men would be applicable, instead of the stricter ones of present law).

(5) Monthly benefits would be provided for disabled widows and dependent widowers of insured workers when such survivors are aged 50 to 59. The benefit amount would be reduced from the full $82\frac{1}{2}$ percent of the primary insurance amount payable to widows and widowers at age 62 and the reduced amount of $71\frac{1}{2}$ percent at age 60, being scaled down from the latter amount, according to age at award, to 50 percent for age 50.

(6) Insured status for disability benefits for young workers (under age 31) would be liberalized, so as essentially to require coverage in half the time since age 21 (with a minimum of 6 quarters of coverage being required).

(7) The definition of disability would be made more detailed, so as to bring out better the concepts contained in present law.

(8) The earnings (or retirement) test would be liberalized so that the annual exempt amount would be increased from \$1,500 to \$1,680 (with a corresponding increase in the monthly test). The "band" for which there is a \$1 reduction in benefits for each \$2 in earnings (after earnings have exceeded the annual exempt amount) would be continued at \$1,200.

(9) Coverage would be extended to certain small categories of State and local government employees. The coverage basis of ministers would be revised so as to be compulsory unless the minister opts out on grounds of conscience.

(10) The maximum taxable and creditable earnings base would be increased from \$6,600 per year to \$7,600 for 1968 and after.

(11) The contribution schedule would be revised in the manner shown in table 1 for the old-age, survivors, and disability insurance system, and in table 2 for that system and the hospital insurance system combined.

(12) The allocation to the disability insurance trust fund would be increased from 0.70 percent of taxable payroll (with respect to the combined employer-employee rate) to 0.95 percent.

TABLE 1.—CONTRIBUTION RATES FOR OLD-AGE SURVIVORS, AND DISABILITY INSURANCE UNDER VARIOUS VERSIONS OF H.R. 12080, AS COMPARED WITH THOSE UNDER PRESENT LAW

LAW

[In percent]

Calendar years	Present law	H.R. 12080	
		House bill	Senate-passed bill ¹
Combined employer-employee rate			
1967.....	7.8	7.8	7.8
1968.....	7.8	7.8	7.6
1969-70.....	8.8	8.4	8.4
1971-72.....	8.8	9.2	9.2
1973-75.....	9.7	10.0	10.0
1976 and after.....	9.7	10.0	10.1
Self-employed rate			
1967.....	5.9	5.9	5.9
1968.....	5.9	5.9	5.8
1969-70.....	6.6	6.3	6.3
1971-72.....	6.6	6.9	6.9
1973-75.....	7.0	7.0	7.0
1976 and after.....	7.0	7.0	7.0

¹ Same rates in Senate Finance Committee bill.

TABLE 2.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE AND HOSPITAL INSURANCE UNDER VARIOUS VERSIONS OF H.R. 12080 AS COMPARED WITH THOSE UNDER PRESENT LAW

[In percent]

Calendar years	Present law	H.R. 12080	
		House bill	Senate-passed bill ¹
Combined employer-employee rate			
1967.....	8.8	8.8	8.8
1968.....	8.8	8.8	8.8
1969-70.....	9.8	9.6	9.6
1971-72.....	9.8	10.4	10.4
1973-75.....	10.8	11.3	11.3
1976-79.....	10.9	11.4	11.4
1980-86.....	11.1	11.6	11.6
1987 and after.....	11.3	11.8	11.6
Self-employed rate			
1967.....	6.4	6.4	6.4
1968.....	6.4	6.4	6.4
1969-70.....	7.1	6.9	6.9
1971-72.....	7.1	7.5	7.5
1973-75.....	7.55	7.65	7.65
1976-79.....	7.6	7.7	7.65
1980-86.....	7.7	7.8	7.75
1987 and after.....	7.8	7.9	7.75

¹ Same rates in Senate Finance Committee bill.

(13) Certain additional limitations on payment of benefits to aliens outside of the United States would be introduced (primarily with respect to citizens of countries that do not provide reciprocity in regard to social security benefits for U.S. citizens and with respect to payments in countries in which the Treasury Department has suspended payments).

(14) The pay of persons in military service would be deemed to be \$100 per month higher than the amount of basic pay on which they contribute. The cost of the additional benefits arising therefrom would be paid from the general fund of the Treasury (when the benefits are paid).

(1) *Changes made in Senate Finance Committee bill*

The bill as reported by the Senate Committee on Finance differs from the House-approved bill in the following important matters, from a cost standpoint (a complete analysis is contained in S. Rept. 744, 90th Cong.):

(1) The maximum annual earnings base would be increased to \$8,000 in 1968, \$8,800 in 1969-71, and \$10,800 in 1972 and after, rather than the one-step approach in the House bill.

(2) Monthly benefits for all types of insured beneficiaries would be increased by 15 percent, with a minimum primary insurance amount of \$70. The basic benefit for transitionally insured and noninsured persons would be increased from \$35 to \$50 per month.

(3) The earnings test would be further liberalized after 1968 by increasing the annual exempt amount to \$2,000 (with a corresponding change in the monthly test); the \$1,200 band for which \$1 of benefits is withheld for each \$2 of earnings would be retained at the \$1,200 figure in the House-approved bill.

(4) The monthly benefits for disabled widows and dependent widowers would be available at all ages under 62 and in the full amount of 82½ percent of the primary insurance amount.

(5) Disability benefits would be available for blind persons (under an "industrially blind" definition) at any age, with six quarters of coverage being required, but only while not engaged in substantial employment.

(6) Marriage would not be a terminating event for child's benefits if the beneficiary is in full-time school attendance (in the case of a girl, the husband, too, must be in school).

(7) Children disabled at ages 18–21 would be eligible for child's benefits if they continue to be disabled.

(8) The contribution schedule for employers and employees for the combined old-age, survivors, disability, and hospital insurance system would be changed so that there would be the same rates as in the House-approved bill through 1986 and lower thereafter, see table 2. The contribution schedule for old-age, survivors, and disability insurance was slightly reduced for 1968 (by the same amount as the contribution rate for hospital insurance was increased) and was slightly increased for 1976 and after, see table 1. Thus, the major portion of the increased cost of the liberalizations of the old-age, survivors, and disability insurance system added by the Senate Finance Committee is met by the increased earnings base and only a small part is met by increased contribution rates.

(2) *Changes made in Senate-approved bill*

The bill as passed by the Senate differs from the version reported by the Senate Finance Committee in the following ways:

(1) Persons meeting the so-called occupational blindness conditions would be eligible for monthly disability benefits even though they engage in substantial gainful employment.

(2) The detailed definition of disability was eliminated (as was also the special definition of disability for widow's benefits), thus reverting to the definition in present law.

(3) The earnings test would be further liberalized (effective in 1968) by increasing the annual exempt amount to \$2,400 (with a corresponding change in the monthly test and with no change in the \$1,200 band).

(4) Mother's benefits and full wife's benefits for women under age 65 would be continued even though no eligible child under age 18 (or disabled) is present if there is a child under age 22 who is in high school (or a lower school).

B. SUMMARY OF ACTUARIAL COST ESTIMATES

The old-age, survivors, and disability insurance system as modified by the House and Senate Finance Committee versions of the bill has an estimated cost for benefit payments and administrative expenses that is in actuarial balance with contribution income. This also was the case for the 1950 and subsequent amendments at the time they were enacted. This situation, however, does not prevail for the Senate version of the bill, since significant benefit liberalizations were made without any change in the financing provisions.

The old-age and survivors insurance system as modified by the House and Senate Finance Committee versions of the bill, under the intermediate cost estimate, is in close actuarial balance, especially considering that a range of variation is necessarily present in the long-range actuarial cost estimates and, further, that rounded tax rates are used in actual practice. Accordingly, the old-age and survivors insurance program, as it would be changed by the House and Senate Finance Committee versions of the bill is actuarially sound. The same thing cannot be said about the Senate version of the bill.

The separate disability insurance trust fund, established under the 1956 act, shows either exact actuarial balance or a small negative actuarial balance under the provisions that would be in effect after enactment of the House or Senate Finance Committee versions of the bill. Under the Senate version of the bill, the contribution rate allocated to this fund is significantly lower than the cost of the disability benefits, based on the intermediate cost estimate. The disability insurance program, as it would be modified by the House version of the bill, is actuarially sound. The negative actuarial balance for the Senate version of the bill is larger than the acceptable limit—especially when considered in connection with the situation under the old-age and survivors insurance system.

C. FINANCING POLICY

(1) *Self-supporting nature of system*

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system when amendments to the program have been made. In connection with the 1950 amendments, the Congress stated the belief that the program should be completely self-supporting from the contributions of covered individuals and employers. Accordingly, in that legislation the provision permitting appropriations to the system from general revenues of the Treasury was repealed. This policy has been continued in subsequent amendments. The Congress has very strongly believed that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen and thus actuarially sound.

(2) *Actuarial soundness of system*

The concept of actuarial soundness as it applies to the old-age, survivors, and disability insurance system differs considerably from this concept as it applies to private insurance and private pension plans, although there are certain points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it will be in a position to pay off all the accrued liabilities. This, however, is not a necessary basis for a national compulsory social insurance system and, moreover, is frequently not the case for soundly financed private pension plans, which may not, as of the present time, have funded all the liability for prior service benefits.

It can reasonably be presumed that, under Government auspices, such a social insurance system will continue indefinitely into the future. The test of financial soundness, then, is not a question of whether there are sufficient funds on hand to pay off all accrued liabilities.

Rather, the test is whether the expected future income from tax contributions and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs over the long-range period considered in the actuarial valuation. Thus, the concept of "unfunded accrued liability" does not by any means have the same significance for a social insurance system as it does for a plan established under private insurance principles, and it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group during the period considered in the valuation. These additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

Accordingly, it may be said that the old-age, survivors, and disability insurance program is actuarially sound if it is in actuarial balance. This will be the case if the estimated future income from contributions and from interest earnings on the accumulated trust fund investments will, over the long-range period considered in the valuation, support the disbursements for benefits and administrative expenses. Obviously, future experience may be expected to vary from the actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (and actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the intermediate-cost estimate, results in the system being in balance or substantially close thereto.

The committee believes that it is a matter for concern if the old-age, survivors, and disability insurance system shows any significant actuarial insufficiency. Traditionally, the view has been held that for the old-age and survivors insurance portion of the program, if such actuarial insufficiency has been no greater than 0.25 percent of payroll, when measured over perpetuity, it is at the point where it is within the limits of permissible variation. The corresponding point for the disability insurance portion of the system is about 0.05 percent of payroll (lower because of the relatively smaller financial magnitude of this program). Based on the recommendation of the 1963-64 Advisory Council on Social Security Financing (see app. V of the 25th Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, H. Doc. No. 100, 89th Cong.), the cost estimates are now being made on a 75-year basis, rather than on a perpetuity basis. On this approach, the margin of variation from exact balance should be smaller—no more than 0.10 percent of taxable payroll for the combined old-age, survivors, and disability insurance program.

Furthermore, traditionally when there has been an actuarial insufficiency exceeding the limits indicated, any subsequent liberalizations in benefit provisions were fully financed by appropriate changes in the tax schedule or through raising the earnings base, and at the same time the actuarial status of the program was improved.

The changes provided in the House-approved bill and the Senate Finance Committee bill are in conformity with these financing principles, but this is not the case for the Senate-approved bill.

D. BASIC ASSUMPTIONS FOR COST ESTIMATES

(1) General basis for long-range cost estimates

Benefit disbursements may be expected to increase continuously for at least the next 50 to 70 years because of such factors as the aging of the population of the country and the slow but steady growth of the benefit roll. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the old-age, survivors and disability insurance program are affected by many elements that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable.

The long-range cost estimates (shown for 1975 and thereafter) are developed on a range basis so as to indicate the plausible variation in future costs depending upon the actual trends developing for the various cost factors. Both the low- and high-cost estimates are based on assumptions that are intended to represent close to full employment, with average annual earnings at about the level prevailing in 1966. The use of 1966 average earnings results in conservatism in the estimate since the trend is expected to be an increase in average earnings in future years (as will be discussed subsequently in item 5). In 1966 the aggregate amount of earnings taxable under the program was \$314 billion. Of course, for future years the total taxable earnings are estimated to be larger because of the higher earnings bases and are estimated to increase, because there will be larger numbers of covered workers. Intermediate estimates developed directly from the low- and high-cost estimates (by averaging their components) are shown so as to indicate the basis for the financing provisions.

The cost estimates are extended beyond the year 2000, since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with both prior and subsequent experience. As a result, there will be a dip in the relative proportion of the aged from 1995 to about 2015, which would tend to result in low benefit costs for the old-age, survivors, and disability insurance system during that period. For this reason the year 2000 is by no means a typical ultimate year insofar as costs are concerned.

(2) Measurement of costs in relation to taxable payroll

In general, the costs are shown as percentages of taxable payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo of the system but also, and to a greater extent, its income. The result is that the cost relative to payroll will decrease. As an illustration of the foregoing points, consider an individual who has covered earnings at a rate of \$300 per month. Under the Senate-approved bill such an individual would have a primary insurance amount of \$129.30. If his earnings rate should be 50 percent higher (i.e., \$450), his primary insurance amount would be \$167.90. Under these conditions, the contributions payable with respect to his earnings would increase by 50 percent, but his benefit rate would increase by only 30 percent. Or, to put it another way, when his earnings rate was \$300 per month, his primary insurance amount represented 43.1 percent of his earnings, whereas, when

his earnings increased to \$450 per month, his primary insurance amount relative to his earnings decreased to 37.3 percent.

(3) *General basis for short-range cost estimates*

The short-range cost estimates (shown for the individual years 1967-72) are not presented on a range basis since—assuming a continuation of present economic conditions—it is believed that the demographic factors involved (such as mortality, fertility, retirement rates, and so forth.) can be reasonably closely forecast, so that only a single estimate is necessary. A gradual rise in the earnings level in the future (about 3 percent per year), somewhat below that which has occurred in the past few years, is assumed. As a result of this assumption, contribution income is somewhat higher than if level earnings were assumed, while benefit outgo is only slightly affected.

The cost estimates have been prepared on the basis of the same assumptions and methodology as those contained in the 1967 Annual Report of the Board of Trustees (H. Doc. No. 65, 90th Cong.).

(4) *Level-cost concept*

An important measure of long-range cost is the level-equivalent contribution rate required to support the system for the next 75 years (including not only meeting the benefit costs and administrative expenses, but also the maintenance of a reasonable contingency fund during the period, which at the end of the period amounts to 1 year's disbursements), based on discounting at interest. If such a level rate were adopted, relatively large accumulations in the old-age and survivors insurance trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred benefit costs.

(5) *Future earnings assumptions*

The long-range estimates for the old-age, survivors, and disability insurance program are based on level-earnings assumptions, under which earnings levels of covered workers by age and sex will continue over the next 75 years at the levels experienced in 1966. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they will rise steadily as the covered population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present system, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The long-range cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has characterized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits, nevertheless, would not be changed, the cost relative to payroll would, of course, be lower.

It is important to note that the possibility that a rise in earnings levels will produce lower costs of the old-age, survivors, and disability insurance program in relation to payroll is a very important safety

factor in the financial operations of this system. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings. If experience follows the high-cost assumptions, additional financing will be necessary. However, if covered earnings increase in the future as in the past, the resulting reduction in the cost of the program (expressed as a percentage of taxable payroll) will more than offset the higher cost arising under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (to a lesser degree than the increase in the earnings level). However, the possibility of future increases in earnings levels should be considered only as a safety factor and not as a justification for adjusting benefits upward in anticipation of such increases.

If benefits are adjusted currently to keep pace fully with rising earnings as they occur, the year-by-year costs as a percentage of payroll would be unaffected. If benefits are increased in this manner, the level-cost of the program would be higher than now estimated, since under such circumstances, the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings and benefit levels do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

(6) Interrelationship with railroad retirement system

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provide for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service and also for all survivor cases.

Financial interchange provisions are established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position in which they would have been if railroad employment had always been covered under the program. It is estimated that, over the long range, the net effect of these provisions will be a relatively small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

(7) Reimbursement for costs of pre-1957 military service wage credits

Another important element affecting the financing of the program arose through legislation in 1956 that provided for reimbursement from general revenues for past and future expenditures in respect to the noncontributory credits that had been granted for persons in military service before 1957. These financing provisions were modified by the 1965 amendments. The cost estimates contained here reflect the effect of these reimbursements (which are included as contributions), based on the assumption that the required appropriations will be made in the future in accordance with the relevant provisions of the law. These reimbursements are intended to be made on the basis

of a constant annual amount (as determined by the Secretary of Health, Education, and Welfare) for each trust fund payable over the period up to the year 2015 (with such amount subject to adjustment every 5 years).

In actual practice, the Secretary of Health, Education, and Welfare determined initially that the annual amount for the three trust funds involved (old-age and survivors insurance, disability insurance, and hospital insurance) was \$120 million. However, the Budget Document of the United States has contained requests for appropriations for only \$105 million and, to date, the appropriations have been made by the Congress on that basis.

(8) *Reimbursement for costs of additional post-1967 military service wage credits*

Under all versions of the bill, individuals in active military service after 1967 will receive additional wage credits in excess of their cash pay (but within the maximum creditable earnings base) in recognition of their remuneration that is payable in kind (e.g., quarters and meals). These additional credits are at the rate of \$100 per month. The additional costs that arise from these credits are to be financed from general revenues on an "actual disbursements cost" basis, with reimbursement to the trust funds on as prompt a basis as possible (and with interest adjustments to make up for any delay due to the time needed to make the necessary actuarial calculations from sample data and for the necessary appropriations to be made).

In many instances, the availability of these additional wage credits will not result in additional benefits because the individual will have maximum credited earnings without them or because the year in which such credits are granted will be a drop-out year in the computation of his average monthly wage. In the immediate-future years, the cost of these additional credits to the general fund will be relatively small (only a few million dollars a year) since there will be relatively few cases arising, almost all due to death and disability. After several decades, this cost might rise to as much as \$100 million per year if the size of the uniformed services remains as large as at present—and, of course, a lower figure if such size is lower.

E. ACTUARIAL BALANCE OF PROGRAM IN PAST YEARS

(1) *Status after enactment of 1952 act*

The actuarial balance under the 1952 act¹ was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted, as shown in table 3. This was the case, because the estimates for the 1952 act took into consideration the rise in earnings levels in the 3 years preceding the enactment of that act. This factor virtually offset the increased cost due to the benefit liberalizations made. New cost estimates made 2 years after the enactment of the 1952 act indicated that the level-cost (i.e., the average long-range cost, based on discounting at interest, relative to taxable payroll) of the benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

¹ The term "1952 act" (and similar terms) is used to designate the system as it existed after the enactment of the amendments of that year.

TABLE 3.—ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM UNDER VARIOUS ACTS FOR VARIOUS ESTIMATES, INTERMEDIATE-COST BASIS

[Percent]				
Legislation	Date of estimate	Level-equivalent ¹		
		Benefit costs ²	Contributions	Actuarial balance ³
Old-age, survivors, and disability insurance ⁴				
1935 act.....	1935	5.36	5.36	0.00
1939 act.....	1939	5.22	5.30	+ .08
1939 act (as amended in the 1940's) ⁵	1950	4.45	3.98	- .47
1950 act.....	1950	6.20	6.10	- .10
1950 act.....	1952	5.49	5.90	+ .41
1952 act.....	1952	6.00	5.90	- .10
1952 act.....	1954	6.62	6.05	- .57
1954 act.....	1954	7.50	7.12	- .38
1954 act.....	1956	7.45	7.29	- .16
1956 act.....	1956	7.85	7.72	- .13
1956 act.....	1958	8.25	7.83	- .42
1958 act.....	1958	8.76	8.52	- .24
1958 act.....	1960	8.73	8.68	- .05
1960 act.....	1960	8.98	8.68	- .30
1961 act.....	1961	9.35	9.05	- .30
1961 act.....	1963	9.33	9.02	- .31
1961 act (perpetuity basis).....	1964	9.36	9.12	- .24
1961 act (75-year basis).....	1964	9.09	9.10	+ .01
1965 act.....	1965	9.49	9.42	- .07
1965 act.....	1966	8.76	9.50	+ .74
1967 bill (House).....	1967	9.70	9.74	+ .04
1967 bill (Senate Finance Committee).....	1967	9.95	9.85	- .10
1967 bill (Senate).....	1967	10.27	9.85	- .42
Old-age and survivors insurance ⁴				
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	- .57
1958 act.....	1958	8.27	8.02	- .25
1958 act.....	1960	8.38	8.18	- .20
1960 act.....	1960	8.42	8.18	- .24
1961 act.....	1961	8.79	8.55	- .24
1961 act.....	1963	8.69	8.52	- .17
1961 act (perpetuity basis).....	1964	8.72	8.62	- .10
1961 act (75-year basis).....	1964	8.46	8.60	+ .14
1965 act.....	1965	8.82	8.72	- .10
1965 act.....	1966	7.91	8.80	+ .89
1967 bill (House).....	1967	8.75	8.79	+ .04
1967 bill (Senate Finance Committee).....	1967	8.95	8.90	- .05
1967 bill (Senate).....	1967	9.16	8.90	- .26
Disability insurance ⁴				
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+ .15
1958 act.....	1958	.49	.50	+ .01
1958 act.....	1960	.35	.50	+ .15
1960 act.....	1960	.56	.50	- .06
1961 act.....	1961	.56	.50	- .06
1961 act.....	1963	.64	.50	- .14
1961 act (perpetuity basis).....	1964	.64	.50	- .14
1961 act (75-year basis).....	1964	.63	.50	- .13
1965 act.....	1965	.67	.70	+ .03
1965 act.....	1966	.85	.70	- .15
1967 bill (House).....	1967	.95	.95	.00
1967 bill (Senate Finance Committee).....	1967	1.00	.95	- .05
1967 bill (Senate).....	1967	1.11	.95	- .16

¹ Expressed as a percentage of effective taxable payroll, including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate. Estimates prepared before 1964 are on a perpetuity basis, while those prepared after 1964 are on a 75-year basis. The estimates prepared in 1964 are on both bases.

² Including adjustments (a) to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, (c) for administrative expense costs, and (d) for the net cost of the financial interchange with the railroad retirement system.

³ A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

⁴ The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

⁵ The major changes being in the revision of the contribution schedule; as of the beginning of 1950, the ultimate combined employer-employee rate scheduled was only 4 percent.

(2) *Status after enactment of 1954 act*

Under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the then current estimates had indicated in regard to the financing of the 1952 act.

(3) *Status after enactment of 1956 act*

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, the period that had been used for the earnings assumptions for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was nonexistent. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided. Accordingly, the actuarial balance of the system was unaffected.

Following the enactment of the 1956 legislation, new cost estimates were made to take into account the developing experience; also, certain modified assumptions were made as to anticipated future trends. In 1956-57, there were very considerable numbers of retirements from among the groups newly covered by the 1954 and 1956 amendments, so that benefit expenditures ran considerably higher than had previously been estimated. Moreover, the analyzed experience for the recent years of operation indicated that retirement rates had risen or, in other words, that the average retirement age had dropped significantly. The cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll.

(4) *Status after enactment of 1958 act*

The 1958 amendments recognized this situation and provided additional financing for the program—both to reduce the lack of actuarial balance and also to finance certain benefit liberalizations made. In fact, one of the stated purposes of the legislation was “to improve the actuarial status of the trust funds.” This was accomplished by introducing an immediate increase (in 1959) in the combined employer-employee contribution rate, amounting to 0.5 percent, and by advancing the subsequently scheduled increases so that they would occur at 3-year intervals (beginning in 1960) instead of at 5-year intervals.

The revised cost estimates made in 1958 for the disability insurance program contained certain modified assumptions that recognized the emerging experience under the new program. As a result, the moderate actuarial surplus originally estimated was increased somewhat, and most of this was used in the 1958 amendments to finance certain benefit liberalizations, such as inclusion of supplemental benefits for certain dependents and modification of the insured status requirements.

(5) *Status after enactment of 1960 act*

At the beginning of 1960, the cost estimates for the old-age survivors, and disability insurance system were reexamined and were modified in certain respects. The earnings assumption had previously been based on the 1956 level, and this was changed to reflect the 1959 level. Also, data first became available on the detailed operations of the disability provisions for 1956, which was the first full year of operation that did not involve picking up “backlog” cases. It was found that the number of persons who meet the insured status

conditions to be eligible for these benefits had been significantly overestimated. It was also found that the disability incidence experience for eligible women was considerably lower than had been originally estimated, although the experience for men was very close to the intermediate estimate. Accordingly, revised assumptions were made in regard to the disability insurance portion of the program. As a result, the changes made by the 1960 amendments could, according to the revised estimates, be made without modifying the financing provisions.

(6) Status after enactment of 1961 act

The changes made by the 1961 amendments involved an increased cost that was fully met by the changes in the financing provisions (namely, an increase in the combined employer-employee contribution rate of 0.25 percent, a corresponding change in the rate for the self-employed, and an advance in the year when the ultimate rates would be effective—from 1969 to 1968). As a result, the actuarial balance of the program remained unchanged.

Subsequent to 1961, the cost estimates were further reexamined in the light of developing experience. The earnings assumption was changed to reflect the 1963 level, and the interest-rate assumption used was modified upward to reflect recent experience. At the same time, the retirement-rate assumptions were increased somewhat to reflect the experience in respect to this factor. The further developing disability experience indicated that costs for this portion of the program were significantly higher than previously estimated (because benefits were not being terminated by death or recovery as rapidly as had been originally assumed). Accordingly, the actuarial balance of the disability insurance program was shown to be in an unsatisfactory position, and this had been recognized by the Board of Trustees, who recommended that the allocation to this trust fund should be increased (while, at the same time, correspondingly decreasing the allocation to the old-age and survivors insurance trust fund, which under the law in effect at that time was estimated to be in satisfactory actuarial balance even after such a reallocation).

(7) Status after enactment of 1965 act

The changes made by the 1965 amendments involved an increased cost that was closely met by the changes in their financing provisions (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). The actuarial balance of the program remained virtually unchanged.

In 1966, the cost estimates for the old-age, survivors, and disability insurance system were completely revised, based on the availability of new data since the last complete revision was made in 1963. The new estimates showed significantly lower costs for the old-age and survivors insurance portion of the system, but higher costs for the disability insurance portion. The factors leading to lower costs were as follows: (1) 1966 earnings levels, instead of 1963 ones; (2) an interest rate of $3\frac{3}{4}$ percent for the intermediate-cost estimate, instead of $3\frac{1}{2}$ percent; (3) an assumption of greater future participation of women in the labor force (resulting in reduction in cost of the program because of the "antiduplication of benefits" provision as between women's primary benefits and wife's or widow's benefits); (4) an assumption of less improvement in future mortality than had previously been

assumed; and (5) an assumption that, despite a significant decline in future fertility rates, such decline would not occur as rapidly as had been assumed previously.

The cost of the disability insurance system was estimated to be significantly higher, as a result of increasing disability prevalence rates. This change was necessary to reflect the substantially larger number of disability beneficiaries coming on the roll with respect to disabilities occurring in 1964 and after, which experience had not been available in 1965 when the cost estimates for the legislation of that year were considered.

For more details on these revised cost estimates for the old-age, survivors, and disability insurance system, see *Actuarial Study No. 63* of the Social Security Administration, Department of Health, Education, and Welfare, January 1967.

F. INTERMEDIATE-COST ESTIMATES

(1) *Purposes of intermediate-cost estimates*

The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). The intermediate-cost estimate does not represent the most probable estimate since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950 act and subsequent legislation, was of the belief that the old-age, survivors, and disability insurance program should be on a completely self-supporting basis and actuarially sound. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact balance cannot be obtained from a specific set of integral or rounded tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

(2) *Interest rate used in cost estimates*

The interest rate used for computing the level-costs for the committee-approved bill is $3\frac{3}{4}$ percent for the intermediate-cost estimate. This is slightly below the average yield of the investments of the trust funds at the end of June 1967 (about 3.79 percent), and is considerably below the rate currently being obtained for new investments ($5\frac{1}{4}$ percent for October 1967).

(3) *Actuarial balance of OASDI system*

Table 3 has shown that, according to the latest cost estimates made for the 1965 act, there is a very favorable actuarial balance for the combined old-age, survivors, and disability insurance system, but that there is a deficit of 0.15 percent of taxable payroll for the disability insurance portion, and a favorable balance of 0.89 percent of taxable payroll for the old-age and survivors insurance portion.

Under each of the three versions of the bill, the benefit changes proposed would be financed, in large part, by utilizing the existing favorable actuarial balance and by the increases in the contribution rates and the earnings base.

Table 4 traces through the change in the actuarial balance of the system from its situation under the 1965 act, according to the latest estimate, to that under the House-approved bill, by type of major changes involved, while table 5a gives similar data for the Senate Finance Committee bill, and table 5b relates to the Senate-approved bill. Table 6 traces through the change in the actuarial balance of the system for the Senate-approved bill as compared with the House-approved bill.

TABLE 4.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PRESENT LAW AND HOUSE BILL, BASED ON 3.75 PERCENT INTEREST

[Percent]

Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+ .21	+ .02	+ .23
Earnings test liberalization.....	- .06	(¹)	- .06
Disabled widow's benefits at age 50.....	- .03	(²)	- .03
Special disability insured status under age 31.....	(²)	- .02	- .02
Liberalized benefits with respect to women workers.....	- .07	(¹)	- .07
Benefit increase of 12½ percent.....	- .89	- .10	- .99
Revised contribution schedule.....	- .01	+ .25	+ .24
Total effect of changes in bill.....	- .85	+ .15	- .70
Actuarial balance under bill.....	+ .04	.00	+ .04

¹ Less than 0.005 percent.

² Not applicable to this program.

TABLE 5a.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PRESENT LAW AND SENATE FINANCE COMMITTEE BILL, BASED ON 3.75 PERCENT INTEREST

[Percent]

Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+ .48	+ .04	+ .52
Earnings test liberalization.....	- .17	(¹)	- .17
Disabled widow's benefits.....	- .06	(²)	- .06
Special disability insured status under age 31.....	(²)	- .02	- .02
Liberalized benefits with respect to women workers.....	- .07	(¹)	- .07
Special benefits for blind persons.....	(²)	- .05	- .05
Childhood disability benefits for those disabled at ages 18 to 21.....	(¹)	(¹)	(¹)
Reduction of minimum eligibility age from 62 to 60.....	(¹)	(¹)	(¹)
Benefit formula change.....	-1.22	- .12	-1.34
Revised contribution schedule.....	+ .10	+ .25	+ .35
Total effect of changes in bill.....	- .94	+ .10	- .84
Actuarial balance under bill.....	- .05	- .05	- .10

¹ Less than 0.005 percent.

² Not applicable to this program.

TABLE 5b.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PRESENT LAW AND SENATE BILL, BASED ON 3.75 PERCENT INTEREST

[Percent]			
Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+ .48	+ .04	+ .52
Earnings test liberalization.....	- .33	(¹)	- .33
Disabled widow's benefits.....	- .09	(²)	- .09
Special disability insured status under age 31.....	(¹)	- .02	- .02
Liberalized benefits with respect to women workers.....	- .07	(¹)	- .07
Special benefits for blind persons.....	(¹)	- .06	- .06
Childhood disability benefits for those disabled at ages 18-21.....	(¹)	(¹)	(¹)
Reduction of minimum eligibility age from 62 to 60.....	(¹)	(¹)	(¹)
Mother's and wife's benefits for children in high school.....	- .01	(¹)	- .01
Benefit formula change.....	-1.23	- .12	-1.35
Elimination of new definition of disability.....	(³)	- .10	- .10
Revised contribution schedule.....	+ .10	+ .25	+ .35
Total effect of changes in bill.....	-1.15	- .01	-1.16
Actuarial balance under bill.....	- .26	- .16	- .42

¹ Less than 0.005 percent.

² Not applicable to this program.

³ The cost of the elimination of the new special definition of disability for widow's (and widow's) benefits is included in the figure for disabled widow's benefits, above.

TABLE 6.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, MOVING FROM PRESENT LAW TO SENATE BILL, BASED ON 3.75 PERCENT INTEREST

[Percent]			
Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+ .21	+ .02	+ .23
Earnings test liberalization.....	- .06	(¹)	- .06
Disabled widow's benefits at age 50.....	- .03	(²)	- .03
Special disability insured status at age 31.....	(²)	- .02	- .02
Liberalized benefits with respect to women workers.....	- .07	(¹)	- .07
Benefit formula change.....	- .89	- .10	- .99
Revised contribution schedule.....	- .01	+ .25	+ .24
Actuarial balance under House bill.....	+ .04	.00	+ .04
Further increase in earnings base.....	+ .27	+ .02	+ .29
Further liberalization of earnings test.....	- .11	(¹)	- .11
Liberalization of disabled widow's benefits.....	- .03	(²)	- .03
Special benefits for blind persons.....	(²)	- .05	- .05
Reduction of minimum eligibility age from 62 to 60.....	(¹)	(¹)	(¹)
Liberalization of benefit formula change.....	- .33	- .02	- .35
Further revision of contribution schedule.....	+ .11	.00	+ .11
Actuarial balance under Senate Finance Committee bill.....	- .05	- .05	- .10
Further liberalization of earnings test.....	- .17	(¹)	- .17
Liberalization of special benefits for blind persons.....	(²)	- .01	- .01
Mother's and wife's benefits for children in high school.....	- .01	(¹)	- .01
Elimination of new definition of disability.....	- .03	- .10	- .13
Actuarial balance under Senate bill.....	- .26	- .16	- .42

¹ Less than 0.005 percent.

² Not applicable in this program.

Several benefit-provision changes made by the several versions of the bill would have cost effects which are of a magnitude of less than 0.005 percent of taxable payroll when measured in terms of long-range level costs. Such changes involving small increases in cost are

the liberalization of eligibility conditions for certain adopted children, the elimination of marriage as a cause of termination for child's benefits payable to children attending school, the simplification of benefit computations based on 1937-50 wages, the reduction of the length-of-marriage requirement for survivor benefits, the liberalization of the offset provision for disability benefits when workmen's compensation benefits are also payable, the reduction in the penalties for failure to file timely reports of earnings and other events and the payment of childhood disability benefits to persons becoming disabled at ages 18-21. The reduction in the minimum eligibility age from 62 to 60 for primary, wife's, husband's, widower's, and parent's benefits has no significant cost effect, because the reduced benefits available are, for all practical purposes, on an actuarial-reduction basis (so that the increased outgo in the early years will be counterbalanced by reduced outgo later). Such changes involving small decreases in cost are the additional limitations on payment of benefits to certain aliens outside the United States.

Account has been taken of the elimination in the Senate bill of the detailed definition of disability—and thus the retention of only the more general definition in present law, for both the present disability beneficiaries and for the newly added category of disabled widows and widowers (in all three versions of the bill). Initially, I had believed that a return to the definition under present law would not necessitate any increase in the estimate of the cost of the program, although recognizing that there was a much greater likelihood that the costs actually developing would exceed the intermediate-cost estimate. It may be noted that the cost estimates made for the House bill and for the Senate Finance Committee bill did not include a reduction in cost to allow for the inclusion of the detailed definition; rather, this was considered to be a safeguard, or cost control, so that the existing definition would not be weakened by court decisions or otherwise.

After considering the Senate discussion on the amendment to eliminate the new detailed definition of disability, and after advice from legal experts, I now believe that it is quite likely that this legislative action will result in significantly higher costs for disability benefits. This will be so for disabled-worker benefits (because the legislative history developing from the Senate floor debate would support an interpretation of the definition reflected by a series of liberal court decisions finding disability under circumstances not originally contemplated by Congress and the Social Security Administration), for disabled-widow benefits (because of the elimination of the special stricter definition of disability for this category that was contained in the House bill and the Senate Finance Committee bill), and for disabled individuals who, despite impairments, return to work and regularly earn substantial wages or perform significant services in their own businesses. The increased cost will result from the fact that elimination of the new detailed definition of disability will not in fact return the situation to the present one, but rather will require a significant change in the current interpretation of the disability definition by the Social Security Administration (in the direction, for example, of paying disability benefits to persons who are capable of engaging in substantial gainful employment but for whom suitable work is not available in their immediate vicinity or whom employers prefer not to hire).

The changes made by the House bill and the Senate Finance Committee bill would maintain the sound actuarial position of the old-

age, survivors, and disability insurance system. The estimated actuarial balance for the House bill is a small positive amount, while that for the Senate Finance Committee bill is just at the established limit within which the system is considered substantially in actuarial balance. On the other hand, there is a very significant actuarial imbalance for the Senate bill (as a result of several liberalizations of benefits having been made without any corresponding changes in the financing provisions).

It should be emphasized that in 1950 and in subsequent amendments, the Congress did not recommend that the system be financed by a high level tax rate in the future, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than such a level rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under an equivalent level tax rate. This fund will be invested in Government securities (just as is also the case for the trust funds of the civil service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems). The resulting interest income will help to bear part of the higher benefit costs of the future.

The level contribution rate equivalent to the graded schedules in the law may be computed in the same manner as level-costs of benefits. These are shown in table 3, as are also figures for the net actuarial balances.

(4) OASI income and outgo in near future

Table 7 shows the progress of the old-age and survivors insurance trust fund under present law and under the three versions of the bill. Solely for purposes of comparability with the Senate Finance Committee bill and the Senate bill (which have an effective date of March 1968 for the general benefit increase), it has been assumed that under the House bill the general benefit increase (and certain other parallel benefit changes) would be effective for March 1968. The trust fund increases by significant amounts in all future years under present law and by somewhat lesser amounts under the House bill. On the other hand, under the Senate Finance Committee bill and the Senate bill, the trust fund remains virtually level (actually decreases under the latter) in 1968 and then increases by significant amounts (but less than under the House bill) in subsequent years. The 1968 situation occurs because the total contribution rate for old-age, survivors, disability, and hospital insurance remains the same as in present law (for all three versions of the bill), but the allocation to hospital insurance is larger under the Senate Finance Committee bill and the Senate bill than under the House bill. Also, under all three versions of the bill, the allocation to disability insurance is larger than under present law. Accordingly, the allocation to old-age and survivors insurance is lower than under present law, especially for the Senate Finance Committee bill and the Senate bill.

TABLE 7.—PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, SHORT-RANGE ESTIMATE
[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year ³
Actual data						
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	—\$21	447	20,576
1955.....	5,713	4,968	119	—7	454	21,663
1956.....	6,172	5,715	132	—5	526	22,519
1957.....	6,825	7,347	⁴ 162	—2	556	22,393
1958.....	7,566	8,327	⁴ 194	124	552	21,864
1959.....	8,052	9,842	184	282	532	20,141
1960.....	10,866	10,677	203	318	516	20,324
1961.....	11,285	11,862	239	332	548	19,725
1962.....	12,059	13,356	256	361	526	18,337
1963.....	14,541	14,217	281	423	521	18,480
1964.....	15,689	14,914	296	403	569	19,125
1965.....	16,017	16,737	328	436	593	18,235
1966.....	20,658	18,267	256	444	644	20,570
Estimated data, House bill						
1968.....	\$24,251	\$22,472	\$409	\$477	\$913	\$25,836
1969.....	27,294	24,159	405	525	1,009	29,050
1970.....	28,497	25,123	415	616	1,150	32,543
1971.....	32,089	26,126	427	605	1,386	38,860
1972.....	33,469	27,158	440	587	1,720	45,864
Estimated data, Senate Finance Committee bill						
1968.....	\$23,920	\$23,496	\$438	\$477	\$882	\$24,425
1969.....	28,250	26,321	412	545	918	26,315
1970.....	29,955	27,498	419	697	1,005	28,661
1971.....	33,787	28,539	431	665	1,195	34,008
1972.....	36,540	29,608	444	646	1,515	41,365
Estimated data, Senate bill						
1968.....	\$23,920	\$24,178	\$453	\$477	\$866	\$23,712
1969.....	28,275	27,162	423	547	868	24,723
1970.....	29,955	28,191	428	741	917	26,235
1971.....	33,787	29,259	440	710	1,070	30,683
1972.....	36,540	30,351	453	690	1,349	37,078
Estimated data, present law						
1967.....	\$23,210	\$19,635	\$393	\$508	\$794	\$24,038
1968.....	24,085	20,247	378	477	960	27,981
1969.....	28,004	21,053	393	492	1,192	35,239
1970.....	29,270	21,901	404	483	1,522	43,243
1971.....	30,070	22,778	416	460	1,902	51,561
1972.....	30,884	23,676	429	459	2,315	60,196

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² An interest rate of 3.75 percent is used in determining the level-costs, under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

³ Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

⁴ These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and, likewise, the figure for 1959 is too low).

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service and for the special benefits payable to certain noninsured persons aged 72 or over.

(5) *DI income and outgo in near future*

Table 8 shows the progress of the disability insurance trust fund under present law and under the three versions of the bill. The trust fund increases by significant amounts in all future years under each of the three versions of the bill—especially as compared with present law. This trend is the result of the increased allocation to this trust fund from the combined old-age, survivors, and disability insurance contribution rate, which more than offsets the increased outgo due to the benefit changes. The higher taxable earnings base also has an increasing effect on the trust fund.

TABLE 8.—PROGRESS OF DISABILITY INSURANCE TRUST FUND, SHORT-RANGE COST ESTIMATE

[In millions]						
Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year
Actual data						
1957.....	\$702	\$57	³ \$3	-----	\$7	\$649
1958.....	966	249	³ 12	-----	25	1,379
1959.....	891	457	50	—\$22	40	1,825
1960.....	1,010	568	36	—5	53	2,289
1961.....	1,038	887	64	5	66	2,437
1962.....	1,046	1,105	66	11	68	2,368
1963.....	1,099	1,210	68	20	66	2,235
1964.....	1,154	1,309	79	19	64	2,047
1965.....	1,188	1,573	90	24	59	1,606
1966.....	2,022	1,784	137	25	58	1,739
Estimated data, House bill						
1968.....	\$3,215	\$2,278	\$128	\$21	\$100	\$2,951
1969.....	3,488	2,496	120	22	140	3,941
1970.....	3,607	2,611	122	23	184	4,976
1971.....	3,732	2,717	126	26	231	6,070
1972.....	3,849	2,821	132	30	279	7,215
Estimated data, Senate Finance Committee bill						
1968.....	\$3,254	\$2,334	\$157	\$21	\$99	\$2,905
1969.....	3,619	2,747	128	22	135	3,762
1970.....	3,777	2,888	126	26	174	4,673
1971.....	3,918	3,012	129	31	215	5,634
1972.....	4,191	3,133	135	36	260	6,781
Estimated data, Senate bill						
1968.....	\$3,254	\$2,412	\$166	\$21	\$96	\$2,815
1969.....	3,619	2,904	135	23	127	3,499
1970.....	3,777	3,121	133	29	156	4,149
1971.....	3,918	3,324	136	37	184	4,754
1972.....	4,191	3,461	142	43	213	5,512
Estimated data, present law						
1967.....	\$2,313	\$1,920	\$107	\$31	\$73	\$2,067
1968.....	2,359	2,039	114	21	86	2,338
1969.....	2,436	2,155	116	24	96	2,575
1970.....	2,512	2,260	119	26	106	2,788
1971.....	2,591	2,357	123	29	115	2,985
1972.....	2,665	2,449	129	32	122	3,162

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

³ These figures are artificially low because of the method of reimbursements between the trust fund and the old-age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service

(6) Increases in benefit disbursements in 1968-72, by cause

The increases in the total benefit disbursements of the old-age, survivors, and disability insurance system in 1968 as a result of the changes that the House-approved bill would make are shown in table 9. The corresponding figures for the Senate Finance Committee bill and the Senate bill are shown in tables 10 and 11. In each instance, the major portion of the increase is due to the general benefit increase.

TABLE 9.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER HOUSE BILL

[In millions]

Item	1968	1969	1972
General benefit increase.....	\$2,117	\$2,948	\$3,328
Benefit increase for transitional insured.....	5	7	5
Benefit increase for transitional noninsured.....	39	43	25
Liberalized benefits with respect to women workers.....	64	89	100
Special disability insured status under age 31.....	53	72	77
Disabled widow's benefits at age 50.....	45	63	72
Earnings test liberalization.....	140	221	244
Total.....	2,463	3,443	3,851

Note: It is assumed that the general benefit increase and all other changes except the earnings test liberalization are effective for March 1968 (with 1st payment in next month).

TABLE 10.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER SENATE FINANCE COMMITTEE BILL

[In millions]

Item	1968	1969	1972
General benefit increase ¹	\$3,057	\$4,245	\$4,789
Benefit increase for transitional insured ¹	16	20	15
Benefit increase for transitional noninsured ¹	140	156	89
Liberalized benefits with respect to women workers ¹	67	92	103
Special disability insured status under age 31 ¹	55	74	79
Disabled widow's benefits ¹	62	90	103
Earnings test liberalization.....	140	450	691
Reduction of minimum eligibility age from 62 to 60 ²	-----	555	522
Special benefits for blind persons ²	-----	165	210
Child disability benefits for those disabled at ages 18-21 ¹	6	8	10
Total.....	3,543	5,855	6,611

¹ Effective for March 1968 (1st payment in next month).

² Effective for December 1968 (1st payment in next month).

TABLE 11.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972, UNDER SENATE BILL

[In millions]

Item	1968	1969	1972
General benefit increase ¹	\$3,057	\$4,245	\$4,789
Benefit increase for transitional insured ¹	16	20	15
Benefit increase for transitional noninsured ¹	140	156	89
Liberalized benefits with respect to women workers ¹	67	92	103
Special disability insured status under age 31 ¹	55	74	79
Disabled widow's benefits ¹	93	135	155
Earnings test liberalization.....	770	1,215	1,341
Reduction of minimum eligibility age from 62 to 60 ²	-----	555	522
Special benefits for blind persons ²	-----	182	231
Child disability benefits for those disabled at ages 18-21 ¹	6	8	10
Mother's and wife's benefits for children in high school ³	29	42	55
Elimination of new definition of disability ⁴	70	129	291
Total.....	4,303	6,853	7,680

¹ Effective for March 1968 (first payment in next month).

² Effective for December 1968 (first payment in next month).

³ Effective for second month after month of enactment (first payment in next month).

⁴ The cost of the elimination of the new special definition of disability for widow's (and widower's) benefits is included in the figure for disabled widow's benefits, above.

(7) *Long-range operations of OASI trust fund*

Table 12 gives the estimated operation of the old-age and survivors insurance trust fund under the program as it would be changed by each of the three versions of the bill for the long-range future, based on the intermediate-cost estimate. It will, of course, be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future) since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is, of course, much more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends—but it is desirable and necessary nonetheless to consider these long-range possibilities under a social insurance program that is intended to operate in perpetuity.

TABLE 12.—ESTIMATED PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE TRUST FUND UNDER SYSTEM AS MODIFIED BY BILL, LONG-RANGE COST ESTIMATES, INTERMEDIATE ESTIMATES

[In millions]						
Calendar year	Contributions	Benefits payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year
House bill						
1975.....	\$33,334	\$28,222	\$446	\$450	\$1,513	\$46,620
1980.....	36,199	32,505	490	300	2,521	74,399
1990.....	41,019	41,318	576	120	4,045	115,539
2000.....	47,837	46,523	631	10	5,526	157,884
2025.....	62,053	75,297	930	-90	10,984	304,366
Senate Finance Committee bill						
1975.....	\$36,068	\$30,994	\$452	\$435	\$1,224	\$38,880
1980.....	39,605	35,467	496	280	2,246	67,333
1990.....	44,871	44,947	583	90	3,825	109,957
2000.....	52,337	50,967	638	-20	5,279	151,557
2025.....	67,893	84,874	941	-120	9,292	256,778
Senate bill						
1975.....	\$36,060	\$31,744	\$452	\$450	\$1,008	\$32,616
1980.....	39,605	36,313	496	290	1,791	54,384
1990.....	44,875	46,000	582	95	2,743	79,584
2000.....	52,332	52,158	638	-15	3,213	93,885
2025.....	67,893	86,791	941	-115	1,980	53,239

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² At interest rates of 3.75 percent.

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service before 1957. No account is taken in this table of the outgo for the special benefits payable to certain noninsured persons aged 72 or over or for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint. For the purposes of this table, it is assumed that the enactment date is in December 1967.

In every year after 1967 for the next 20 years, contribution income under the system as it would be modified by each of the three versions of the bill is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit-outgo curve rises ahead of the contribution-income curve, the trust fund will nonetheless continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a

result, this trust fund is estimated to grow steadily under the intermediate long-range cost estimate (with a level-earnings assumption), reaching well over \$100 billion under each of the versions of the bill and continuing to grow for a number of years thereafter. However, under the Senate bill, the fund begins to decline after about 2015 and is exhausted 15 years later.

(8) *Long-range operations of DI trust fund*

The disability insurance trust fund, under the program as it would be changed by each of the three versions of the bill, grows slowly but steadily after 1967, according to the intermediate long-range cost estimate, as shown by table 13. Under the Senate Finance Committee bill and under the Senate bill, the fund reaches a peak and then declines until it is exhausted after a few years. The maximum size under the Senate bill is \$2½ billion, and the exhaustion point is 1980.

TABLE 13.—ESTIMATED PROGRESS OF DISABILITY INSURANCE TRUST FUND UNDER SYSTEM AS MODIFIED BY BILL, LONG-RANGE COST ESTIMATES, INTERMEDIATE ESTIMATES

[In millions]						
Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year
House bill						
1975.....	\$3,525	\$3,130	\$131	—\$10	\$228	\$6,733
1980.....	3,827	3,551	133	—16	316	9,149
1990.....	4,335	4,074	138	—20	509	14,573
2000.....	5,054	4,991	162	—20	774	21,887
2025.....	6,542	7,260	233	—20	743	20,808
Senate Finance Committee bill						
1975.....	\$3,797	\$3,557	\$133	—\$6	\$175	\$5,251
1980.....	4,123	4,063	139	—10	213	6,250
1990.....	4,670	4,708	145	—15	239	6,994
2000.....	5,445	5,787	170	—15	225	6,555
2025.....	7,049	8,338	245	—15	(³)	(⁴)
Senate bill						
1975.....	\$3,796	\$3,956	\$149	-----	\$59	\$1,871
1980.....	4,123	4,518	155	—\$4	(³)	(⁴)
1990.....	4,670	5,238	161	—9	(³)	(⁴)
2000.....	5,445	6,433	189	—9	(³)	(⁴)
2025.....	7,049	9,273	273	—9	(³)	(⁴)

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² At interest rates of 3.75 percent.

³ Fund exhausted in 2008.

⁴ Fund exhausted in 1980.

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service before 1957. No account is taken in this table of the outgo for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint. For the purposes of this table, it is assumed that the enactment date is in December 1967.

II. ACTUARIAL COST ESTIMATES FOR THE HOSPITAL INSURANCE SYSTEM

A. INTRODUCTION

This portion of the report presents actuarial cost estimates for the hospital insurance system as it would be amended by the bill. The three versions of the bill differ to some extent as to the benefit provisions (and, accordingly, also as to the financing provisions), although in general the structures of the program are similar.

The major changes in present law by the House bill—insofar as actuarial cost aspects are concerned—are as follows:

- (1) The outpatient diagnostic benefits would be moved to the supplementary medical insurance system.
- (2) The maximum duration of hospital benefits in a spell of illness would be increased from 90 days to 120 days, with the additional 30 days being subject to cost-sharing of \$20 per day (initially).
- (3) The maximum taxable earnings base would be increased to \$7,600 per year for 1968 and after.
- (4) The contribution rate would be increased for all years after 1968 by 0.1 percent for each party (employers, employees, and self-employed).

From an actuarial cost standpoint, the major changes made by the Senate Finance Committee bill as compared with the House bill are as follows:

- (1) In lieu of increasing the maximum duration of hospital benefits from 90 days to 120 days (with \$20 per day cost sharing), a "lifetime reserve" of 60 days, with \$10 per day cost sharing (initially), would be provided.
- (2) The maximum taxable earnings base would be increased to \$8,000 in 1968, \$8,800 in 1969–71, and \$10,800 in 1972 and after.
- (3) The contribution rate would be 0.1 percent higher for each party in 1968 than in the House bill, the same in 1969–75, and lower in 1976 and after (such decrease being 0.15 percent in 1987 and after). Such decrease would be possible because of the higher earnings bases than in the House bill.

The Senate bill made the following important change, from a cost standpoint, in the Senate Finance Committee bill:

- (1) The reimbursement basis for hospitals and extended care facilities would be increased so as to be, optionally, on the basis of the average daily cost for patients of all ages (instead of being based on such cost for medicare patients only), to be effective July 1, 1968.

B. SUMMARY OF ACTUARIAL COST ESTIMATES

The hospital insurance system as it would be amended by each of the three versions of the bill has an estimated cost for benefit payments and administrative expenses that is in long-range balance with contribution income. It is recognized that the preparation of cost estimates for hospital and related benefits is much more difficult and is much more subject to variation than cost estimates for the cash benefits of the old-age, survivors, and disability insurance system. This is so not only because the hospital insurance program is newly established but also because of the greater number of variable factors involved

in a service-benefit program than in a cash-benefit one. However, it is believed that the present cost estimates are made under conservative assumptions with respect to all foreseeable factors.

The present cost estimates are based on considerably higher assumptions as to hospital costs than were the original estimates, which were prepared in 1965 at the time that the system was established. At that time, the sharp increases that have occurred in such costs in 1966-67 were not generally predicted by experts in the field. The current assumptions are based on the testimony of several experts, as will be discussed subsequently.

These cost estimates also contain revised assumptions as to the initial level of earnings in 1966 and as to future interest-rate trends. These assumptions are the same as those used in the revised cost estimates for the old-age, survivors, and disability insurance system, described elsewhere in this report. Also, the new cost estimates for the hospital insurance system are based on the revised estimates of beneficiaries aged 65 and over under the old-age, survivors, and disability insurance program. The latter show somewhat fewer aged beneficiaries relative to the covered population with respect to whom contributions are payable; accordingly, the cost of the hospital insurance system is reduced on account of this factor (although only partly offsetting the effect of hospital-cost trend assumptions).

The new cost estimates contain the assumption that, in the intermediate-cost estimate, administrative expenses will be $3\frac{1}{2}$ percent of the benefit payments, which is the anticipated experience in 1967-78 (as against the assumption of 3 percent in the original estimates). The administrative expenses for the low-cost and high-cost estimates are assumed to be the same proportion as in the intermediate-cost estimate.

The new cost estimates also take into account the small additional cost arising from the reimbursement bases for hospitals and extended care facilities that are now in effect being somewhat higher than was assumed in the original cost estimates.

The cost estimates presented here are developed on the same bases as those that were used in the committee report for the bill that was approved by the House of Representatives (H. Rept. 544), with one exception. At the hearings before the Senate Finance Committee on August 24, 1967, in answer to a question put by Senator Williams of Delaware, it was brought out that the original estimate for the extended care facility benefit—\$25 to \$50 million for calendar 1967—was low since actual experience indicated that the figure would probably be of the magnitude of \$250 to \$300 million a year (Hearings, page 371).

Unlike the cost estimate presented in the House report, the estimates in this report (in the text and pertinent tables for present law and for the House bill) reflect the new cost assumptions based on the actual experience. The increased cost so included is about \$250 million in 1967 for insured persons, and increasing amounts in later years. There would also be a proportionate increased cost for the uninsured. More details on this change in actuarial cost assumption will be given later.

C. FINANCING POLICY

(1) *Financing basis*

The contribution schedule contained in the Senate bill (and in the Senate Finance Committee bill) for the hospital insurance program, under an \$8,000 base in 1968, an \$8,800 taxable earnings base in 1969-71, and \$10,800 in 1972 and after, is as follows, as compared with that of present law (with an earnings base of \$6,600) and with that of the House bill (with an earnings base of \$7,600 in 1968 and after):

[In percent]

Calendar year	Combined employer-employee rate			Self-employed rate		
	Present law	House bill	Senate ¹ bill	Present law	House bill	Senate ¹ bill
1967.....	1.0	1.0	1.0	0.50	0.50	0.50
1968.....	1.0	1.0	1.2	.50	.50	.60
1969-72.....	1.0	1.2	1.2	.50	.60	.60
1973-75.....	1.1	1.3	1.3	.55	.65	.65
1976-79.....	1.2	1.4	1.3	.60	.70	.65
1980-86.....	1.4	1.6	1.5	.70	.80	.75
1987 and after.....	1.6	1.8	1.5	.80	.90	.75

¹ Same rates in Senate Finance Committee bill.

The combined employer-employee rate under the Senate bill would be 0.2 percent higher in 1968-75 than under present law, 0.1 percent higher in 1976-86, and 0.1 percent lower in 1987 and after. These increases, along with the additional income from the higher earnings bases, would finance the increased cost of the present program that results from the higher hospitalization-cost assumptions used in the current estimates, as compared with those used when the program was initiated in 1965. The lower ultimate rate is possible because of the higher earnings bases under the Senate bill. Except in 1968, the Senate bill has the same or lower rates than the House bill; this is primarily due to the financing effect of the higher earnings bases under the Senate bill.

The hospital insurance program is completely separate from the old-age, survivors, and disability insurance system in several ways, although the earnings base is the same under both programs. *First*, the schedules of tax rates for old-age, survivors, and disability insurance and for hospital insurance are in separate subsections of the Internal Revenue Code (unlike the situation for old-age and survivors insurance as compared with disability insurance, where there is a single tax rate for both programs, but an allocation thereof into two portions). *Second*, the hospital insurance program has a separate trust fund (as is also the case for old-age and survivors insurance and for disability insurance) and, in addition, has a separate Board of Trustees from that of the old-age, survivors, and disability insurance system. *Third*, income tax withholding statements (forms W-2) show the proportion of the total contribution for old-age, survivors, and disability insurance and for hospital insurance that is with respect to the latter. *Fourth*, the hospital insurance program covers railroad employees directly in the same manner as other covered workers, and their benefit payments are paid directly from this trust fund (rather than directly or indirectly through the railroad retirement system), whereas these employees are not covered by old-age, survivors,

and disability insurance (except indirectly through the financial interchange provisions). *Fifth*, the financing basis for the hospital insurance system is determined under a different approach than that used for the old-age, survivors, and disability insurance system, reflecting the different natures of the two programs (by assuming rising earnings levels and rising hospitalization costs in future years instead of level-earnings assumptions and by making the estimates for a 25-year period rather than a 75-year one).

(2) *Self-supporting nature of system*

Just as has always been the case in connection with the old-age, survivors, and disability insurance system, the Congress has very carefully considered the cost aspects of the present hospital insurance system and proposed changes therein. In the same manner, the Congress believes that this program should be completely self-supporting from the contributions of covered individuals and employers (the transitional uninsured group covered by this program have their benefits, and the resulting administrative expenses, completely financed from general revenues). Accordingly, the Congress very strongly believes that the tax schedule in the law should make the hospital insurance system self-supporting over the long range as nearly as can be foreseen, and thus actuarially sound.

(3) *Actuarial soundness of system*

The concept of actuarial soundness as it applies to the hospital insurance system is somewhat similar to that concept as it applies to the old-age, survivors, and disability insurance system (see discussion of this topic in another section), but there are important differences.

One major difference in this concept as it applies between the two different systems is the greater difficulty in making forecast assumptions for a service benefit than for a cash benefit. Although there is reasonable likelihood that the number of beneficiaries aged 65 and over will tend to increase over the next 75 years when measured relative to covered population (so that a period of this length is both necessary and desirable for studying the cost of the cash benefits under the old-age, survivors, and disability insurance program), it is far more difficult to make reasonable assumptions as to the long-range trends of medical care costs and practices. For this reason, cost estimates for the hospital insurance program have been projected for only 25 years into the future, rather than 75 years as in the cost estimates for the old-age, survivors, and disability insurance system.

In a new program such as hospital insurance, it seems desirable that the program should be completely in actuarial balance. In order to accomplish this result, the contribution schedule has been revised to meet this requirement, according to the underlying cost estimates.

D. HOSPITALIZATION DATA AND ASSUMPTIONS

(1) *Past increases in hospital costs and in earnings*

Table 14 presents a summary comparison of the annual increases in hospital costs and the corresponding increases in wages that have occurred since 1954 and up through 1966.

The annual increases in earnings are based on those in covered employment under the old-age, survivors, and disability insurance system as indicated by first quarter taxable wages, which by and large are not affected by the maximum taxable earnings base. The

data on increases in hospital costs are based on a series of average daily expense per patient day (including not only room and board but also other inpatient charges and other expenditures of hospitals) prepared by the American Hospital Association.

TABLE 14.—COMPARISON OF ANNUAL INCREASE IN HOSPITAL COSTS AND IN EARNINGS
(In percent)

Year	Increase over previous year	
	Average wages in covered employment ¹	Average daily hospitalization costs ²
1955	3.8	6.3
1956	5.7	4.5
1957	5.5	7.7
1958	3.3	8.6
1959	3.3	6.8
1960	4.3	6.8
1961	3.1	8.5
1962	4.2	5.3
1963	2.4	5.6
Average for 1954-63 ³	4.0	6.7
1964	3.1	6.9
1965	1.6	7.0
1966	4.4	8.3

¹ Data are for calendar years (based on experience in first quarter of year).

² Data are for fiscal years ending in September of year shown. When the data are adjusted on a calendar-year basis, the increase from 1965 to 1966 was determined to be 11.0 percent.

³ Rate of increase compounded annually that is equivalent to total relative increase from 1954 to 1963.

The annual increases in earnings fluctuated somewhat over the 10-year period up through 1963, although there were not very large deviations from the average annual rate of 4 percent; no upward or downward trend over the period is discernible. The annual increases in hospital costs likewise fluctuated from year to year during this period, around the average annual rate of 6.7 percent.

During the period 1954-63, hospital costs increased at a faster rate than earnings. The differential between these two rates of increase fluctuated widely, being as high as somewhat more than 5 percent in some years and as low as a negative differential of about 1 percent in 1956 (with the next lowest differential being a positive one of about 1 percent in 1962). Over the entire 10-year period, the differential of the average annual rate of increase in hospital costs over the average annual rate of increase in earnings was 2.7 percent.

In 1964-66, the increases in hospital costs as compared to the increase in wages resulted in differentials that are in excess of the 2.7 percent applicable in 1954-63. The 1967 experience to date shows a slightly higher rate of increase in hospital costs than did 1966.

In the future, earnings are estimated to increase at a rate of about 3 percent per year. It is much more difficult to predict what the corresponding increase in hospital costs will be.

(2) *Effect on cost estimates of rising hospital costs*

A major consideration in making cost estimates for hospital benefits, then, is how long and to what extent the tendency of hospital costs to rise more rapidly than the general earnings level will continue in the future, and whether or not it may, in the long run, be counterbalanced by a trend in the opposite direction. Some factors to consider are the relatively low wages of hospital employees (which have been rapidly "catching up" with the general level of wages and obviously may be

expected to "catch up" completely at some future date, rather than to increase indefinitely at a more rapid rate than wages generally) and the development of new medical techniques and procedures, with resultant increased expense.

In connection with this factor, there are possible counterbalancing factors. The higher costs involved for more refined and extensive treatments may be offset by the development of out-of-hospital facilities, shorter durations of hospitalization, and less expense for subsequent curative treatments as a result of preventive measures. Also, it is possible that at some time in the future, the productivity of hospital personnel will increase significantly as the result of changes in the organization of hospital services or for other reasons, so that, as in other fields of economic activity, the general wage level might increase more rapidly than hospitalization prices in the long run.

Perhaps the major consideration in making actuarial cost estimates for hospital benefits is that—unlike the situation in regard to cost estimates for the monthly cash benefits, where the result is the opposite—an unfavorable cost result is shown when total earnings levels rise, unless the provisions of the system are kept up to date (insofar as the maximum taxable earnings base is concerned). The reason for this result is that hospital costs rise at least at the same rate over the long run as the total earnings level, whereas the contribution income rises less rapidly than the total earnings level, unless the earnings base is kept up to date.

For these reasons, the following cost estimates are based on the assumption that both hospital costs and wages will increase in the future for the entire 25-year period considered, while at the same time the earnings base will not change from the bases proposed in each of the versions of the bill. The fact that, under both present law and the bill, the cost-sharing provisions (the initial hospital deductible and coinsurance features) are on a dynamic basis, which automatically varies after 1968 in accordance with changes in hospital costs, results in lower estimated costs than if these provisions were on a static, unchanging basis.

(3) *Assumptions as to relative trends of hospital costs and earnings underlying cost estimates*

As indicated previously, the financing basis of the hospital insurance program should be developed on a conservative basis. For the reasons brought out, the cost estimates should not be developed on a level-earnings basis, but rather they should assume dynamic conditions as to both earnings levels and hospitalization costs. Accordingly, it seems appropriate to make cost projections for only 25 years in the future and to develop the financing necessary for only this period (but with a resulting trust fund balance at the end of the period equal to about 1 year's disbursements). Although the trend of beneficiaries aged 65 and over relative to the working population will undoubtedly move in an upward direction after 25 years from now, it seems impossible to predict what the trend of medical costs and of hospital-utilization and medical-practice experience will be in the distant future.

Several estimates of the short-term future trend of hospital costs have been made by experts in this field. All of these are well above the rate of 5.7 percent per year until 1970 that was assumed in the initial cost estimates for the program made when it was enacted in 1965. The

American Hospital Association has estimated an annual rate of increase of as much as 15 percent for the next 3 to 5 years. The Blue Cross Association has made a corresponding estimate of 9 percent per year in the period up to 1970.

Three sets of assumptions as to the short-term trend of hospital costs have been made for the cost estimates presented here. These are shown in table 15. In each case, the annual rates of increase are assumed to merge with those used in the initial cost estimates for the program for 1971 for the low-cost and intermediate-cost assumptions and 1973 for the high-cost assumptions—namely, increases slightly above the increases in the earnings level from these dates until about 1975, and then the same increases. The low-cost set of assumptions yields about the same result as the Blue Cross prediction, while the high-cost set corresponds to the highest American Hospital Association prediction. The intermediate-cost set is used to develop the financing provisions of the bill.

TABLE 15.—ASSUMPTIONS AS TO FUTURE RATES OF INCREASE IN HOSPITAL COSTS

(In percent)			
Calendar year	Low cost	Intermediate cost	High cost
1967.....	12.0	15.0	15.0
1968.....	10.0	15.0	15.0
1969.....	8.0	10.0	15.0
1970.....	6.0	6.0	15.0
1971.....	5.2	5.2	15.0
1972.....	4.6	4.6	10.0
1973.....	4.1	4.1	4.1
1974.....	3.6	3.6	3.6
1975 and after.....	3.0	3.0	3.0

(4) *Assumptions as to hospital utilization rates underlying cost estimates*

The hospital utilization assumptions for the cost estimates in this report are founded on the hypothesis that current practices in this field will not change relatively more in the future than past experience has indicated. In other words, no account is taken of the possibility that there will be a drastic change in philosophy as to the best medical practices, so as, for example, to utilize in-hospital care to a much greater extent than is now the case.

The hospital utilization rates used for the cost estimates are the same as those used in the initial cost estimates for the program. Analysis of the actual experience for the first 6 months of operation (the last half of 1966) seems to indicate that it is close to the original assumptions, although somewhat higher.

(5) *Assumptions as to hospital per diem rates underlying cost estimates*

The average daily cost of hospitalization that is used in these cost estimates is computed on the same basis as the corresponding figures in the initial cost estimates that were prepared when the legislation was enacted in 1965. Specifically, an average of about \$38.50 per day was used for the reimbursement principles under present law for 1966 and was projected for future years in the manner described previously. Analysis of the experience for 1966, for which complete data are not yet available, indicates that this assumption was close to what actually occurred, although possibly somewhat higher.

(6) *Assumptions as to extended care facility benefits underlying cost estimates*

The limited experience that is available to date in regard to the extended care facility benefits indicates that their cost will be considerably in excess of the initial estimates. It now appears that these benefits will amount to about \$250 to \$300 million in the first year of operation (calendar year 1967) as against the estimate of \$25 to \$50 million. The apparent major reason for this difference is the much larger number of facilities that qualified than had been expected according to the estimate. It should also be recognized that the original estimate was made on the basis of relatively little data, since this type of benefit had not been widely provided previously.

Accordingly, the cost estimates have been modified by increasing the estimated benefit outgo in 1967, as presented in previous cost estimates, by \$250 million with respect to insured persons (and a proportionate amount for noninsured persons). This figure is increased each future year up through 1975 by the assumed increases in hospitalization costs. After 1975, the same assumption as to hospitalization-cost increases is continued, but the resulting figure is gradually scaled down until it is taken as zero for 1990 (since the estimate for that year already includes the ultimate costs for extended care facility benefits). Appropriate corresponding assumptions are made for the noninsured group, taking into account its decreasing size (as well as its greater relative use of the extended care facility benefits).

E. RESULTS OF COST ESTIMATES

(1) *Level-costs of hospital and related benefits*

Table 16 shows the level-cost of the hospital and related benefits under the three versions of the bill as a percentage of taxable payroll. These figures are based on the assumptions that the earnings base as incorporated in the particular bill will not change in the future and that both hospitalization costs and general earnings will continue to rise during the entire 25-year period considered in the cost estimates. Also shown in table 16 are the level-equivalents of the contribution schedules and the net actuarial balances of the system.

TABLE 16. LEVEL-COST ANALYSIS FOR HOSPITAL INSURANCE TRUST FUND, UNDER VARIOUS VERSIONS OF BILL

Bill	Level-cost of benefits ¹	Level-equiva- lent of con- tributions	Actuarial balance
Present law, original estimate.....	1.23	1.23	0.00
Present law, revised estimate.....	1.54	1.23	-.31
House bill.....	1.41	1.41	.00
Senate Finance Committee bill.....	1.23	1.34	+.11
Senate bill.....	1.30	1.34	+.04

¹ Including administrative expenses.

It should be recognized that the vast majority of the level-cost of the benefit payments relates to inpatient hospital benefits. Most of the remaining cost is attributable to extended care facility benefits, with home health service benefits representing only a small portion. Currently, inpatient hospital benefits account for about 90 percent of total benefit outgo. In later years, it seems quite possible that there will be much greater use of posthospital extended care services and

posthospital home health services (particularly the former), thus tending to reduce the use of hospitals and, therefore, the cost of the inpatient hospital benefits.

The estimated level-cost of the system is reduced by 0.01 percent of taxable payroll as a result of transferring the outpatient diagnostic benefits to the supplementary medical insurance system. The other changes in the benefit provisions of this program would not have any significant effect on the long-range costs. The cost of providing further days of hospital benefits beyond 90 days in a spell of illness—as is done in one form or another in all three versions of the bill—is relatively small. On the other hand, the modified reimbursement basis in the Senate bill has a significant cost. Table 17 summarizes these changes in the cost of the program and also gives data as to the value of the contribution schedules and the resulting actuarial balances.

TABLE 17.—CHANGES IN ACTUARIAL BALANCE OF HOSPITAL INSURANCE SYSTEM, EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENT OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PRESENT LAW AND BILL, BASED ON 3.75 PERCENT INTEREST

[In percent]			
Item	House bill	Senate Finance Committee bill	Senate bill
Actuarial balance of present system.....	-0.31	-0.31	-0.31
Increase in taxable earnings base.....	+ .12	+ .31	+ .31
Revised contribution schedule.....	+ .18	+ .11	+ .11
Transfer of outpatient diagnostic benefits to SMI.....	+ .01	+ .01	+ .01
Further hospital benefits beyond 90 days.....	(1)	-.01	-.01
Modified reimbursement basis.....	(2)	(2)	-.07
Total effect of changes in bill.....	+ .31	+ .42	+ .35
Actuarial balance under bill.....	.00	+ .11	+ .04

¹ Less than 0.005 percent.

² Not contained in this version of bill.

The estimated level-cost of the system is increased by 0.07 percent of taxable payroll as a result of the new optional reimbursement basis for hospitals and extended care facilities, which would permit the use of average per diem costs for persons of all ages (rather than being on the basis of actual costs for beneficiaries aged 65 and over). The legislative history seemed to indicate that, when this new basis is used, the present 2-percent factor for otherwise unrecognized costs (1½ percent for proprietary institutions) would be discontinued. If this is not the case, then the increase in the level-cost for this change is estimated at 0.10 percent of taxable payroll, and the actuarial balance for the Senate bill (shown in table 17) would be +.01 percent instead of +.04 percent.

As indicated previously, one of the most important assumptions in the cost estimates presented herein is that the earnings base is assumed to remain unchanged after it has been increased as provided by the particular version of the bill, even though for the remainder of the period considered (up to 1990) the general earnings level is assumed to rise at a rate of 3 percent annually. If the earnings base does rise in the future to keep up to date with the general earnings level, then the contribution rates required would be lower than those scheduled in the particular bill under consideration. In fact, if this were to occur, the

steps in the contribution schedule beyond the combined employer-employee rate of 1.2 percent would not be needed.

The cost for the persons who are blanketed in for the hospital and related benefits is met from the general fund of the Treasury (with the financial transactions involved passing through the hospital insurance trust fund). The costs so involved, along with the financial transactions, are not included in the preceding cost analysis or in the following discussions of the progress of the hospital insurance trust fund. A later portion of this section, however, discusses these costs for the blanketed-in group.

(2) *Future operations of hospital insurance trust fund*

Table 18 shows the estimated operation of the hospital insurance trust fund under the three versions of the bill and under present law under the intermediate-cost estimate.

Under the estimate for present law, the hospital insurance trust fund reaches a peak of \$1.3 billion in 1967; then, it decreases, being exhausted in 1970. This trend results from the assumption that hospital costs are now hypothesized to rise much more rapidly than in the initial cost estimates for the program that were made in 1965, which showed the system to be in exact actuarial balance.

Under each of the three versions of the bill, the balance in the trust fund increases steadily in the future. In 1990, under the House bill, the balance in the fund represents the disbursements for 1.0 years at that time; the corresponding figures for the Senate Finance Committee bill and the Senate bill are 3.3 years and 1.8 years, respectively.

F. COST ESTIMATE FOR HOSPITAL BENEFITS FOR NONINSURED PERSONS PAID FROM GENERAL FUNDS

Hospital and related benefits are provided not only for beneficiaries of the old-age, survivors, and disability insurance system and the railroad retirement system, but also for almost all other persons aged 65 and over in 1966 (and for many of those attaining this age in the next few years) who are not insured under either of these two social insurance systems. Such benefit protection is provided to any person aged 65 before 1967 who is not eligible as an old-age, survivors, and disability insurance or railroad retirement beneficiary, except for certain active and retired Federal employees who are eligible (or had the opportunity of being eligible) for similar protection under the Federal Employees Health Benefits Act of 1959 and except for certain short-residence aliens.

Under present law, persons meeting such conditions who attain age 65 before 1968 also qualify for the hospital benefits, while those attaining age 65 after 1967 must have some old-age, survivors, and disability insurance or railroad retirement coverage to qualify—namely, 3 quarters of coverage (which can be acquired at any time after 1936) for each year elapsing after 1965 and before the year of attainment of age 65 (e.g., 6 quarters of coverage for attainment of age 65 in 1968, 9 quarters for 1969, etc.) This transitional provision “washes out” under present law for men attaining age 65 in 1974 and for women attaining age 65 in 1972, since the fully insured status requirement for monthly benefits for such categories is then no greater than the special-insured status requirement.

TABLE 18.—ESTIMATED PROGRESS OF HOSPITAL INSURANCE TRUST FUND, INTERMEDIATE-COST ESTIMATE
[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund	Balance in fund at end of year
Actual data					
1966.....	\$1,911	\$767	¹ \$57	\$34	\$1,121
Estimated data, Senate bill					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	4,051	3,308	112	63	2,026
1969.....	4,396	3,874	128	86	2,506
1970.....	4,604	4,243	140	100	2,827
1971.....	4,790	4,573	151	107	3,000
1972.....	5,263	4,904	162	114	3,311
1973.....	5,993	5,233	173	132	4,030
1974.....	6,245	5,559	184	156	4,688
1975.....	6,497	5,884	194	176	5,283
1980.....	9,009	7,397	244	288	8,939
1985.....	10,458	9,262	306	586	16,635
1990.....	11,968	11,559	382	801	22,021
Estimated data, Senate Finance Committee bill					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	4,051	3,208	112	68	2,129
1969.....	4,396	3,655	128	103	2,839
1970.....	4,604	4,003	140	129	3,422
1971.....	4,790	4,314	151	148	3,888
1972.....	5,263	4,626	162	167	4,523
1973.....	5,993	4,937	173	189	5,598
1974.....	6,245	5,244	184	207	6,644
1975.....	6,497	5,551	194	221	7,660
1980.....	9,009	6,978	244	400	13,957
1985.....	10,458	8,738	306	684	25,404
1990.....	11,968	10,905	382	998	36,026
Estimated data, House bill					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,332	3,190	112	48	1,413
1969.....	4,120	3,636	127	56	1,823
1970.....	4,348	3,982	139	69	2,119
1971.....	4,518	4,292	150	76	2,271
1972.....	4,680	4,602	161	76	2,263
1973.....	5,216	4,912	172	78	2,474
1974.....	5,442	5,216	183	81	2,598
1975.....	5,627	5,522	193	81	2,591
1980.....	7,982	6,940	243	121	4,271
1985.....	9,103	8,690	304	246	7,376
1990.....	11,441	10,843	380	363	10,693
Estimated data, present law					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,150	3,208	112	43	1,205
1969.....	3,274	3,655	128	26	722
1970.....	3,394	4,003	140	(²)	(²)
1971.....	3,516	4,314	151	(²)	(²)
1972.....	3,637	4,626	162	(²)	(²)
1973.....	4,100	4,937	173	(²)	(²)
1974.....	4,270	5,244	184	(²)	(²)
1975.....	4,405	5,551	194	(²)	(²)
1980.....	6,379	6,978	244	(²)	(²)
1985.....	7,231	8,738	306	(²)	(²)
1990.....	9,172	10,905	382	(²)	(²)

¹ Including administrative expenses incurred in 1965.

² Fund exhausted in 1970.

Note: The transactions relating to the noninsured persons, the costs for whom is borne out of the general funds of the Treasury, are not included in the above figures. The actual disbursements in 1966, and the balance in the trust fund by the end of the year, have been adjusted by an estimated \$174,000,000 on this account.

Under each of the three versions of the bill, these requirements for noninsured persons would be liberalized. Such persons attaining age 65 in 1968 would need only 3 quarters of coverage, 1969 attainments would need only 6 quarters of coverage, etc. The "wash out" points would be for men attaining age 65 in 1975 and women attaining age 65 in 1974. This change would make an additional 5,000 persons who attain age 65 in 1968 eligible for hospital benefits.

The benefits for the noninsured group would be paid from the hospital insurance trust fund, but with simultaneous reimbursement therefor from the general fund of the Treasury on a current basis, or if not simultaneous, with appropriate interest adjustment.

The estimated cost to the general fund of the Treasury for the hospital and related benefits for the noninsured group (including the applicable additional administrative expenses) is as follows for the first 5 calendar years of operation (in millions):

Calendar year	Present law	House bill	Senate Finance Committee bill	Senate bill
1966 ¹	\$174	\$174	\$174	\$174
1967.....	439	439	439	439
1968.....	468	465	468	482
1969.....	474	471	474	501
1970.....	462	459	462	489
1971.....	434	432	434	459
1972.....	405	403	405	428

¹ Data are for last 6 months of year (estimate based on actual experience).

The estimated cost to the general fund of the Treasury decreases slowly after 1969 for the closed group involved. Offsetting, in large part, the decline in the number of eligibles blanketed-in are the increasing hospital utilization per capita as the average age of the group rises and the increasing hospital costs in future years. It may be noted that the cost is estimated to be about the same under each of the three versions of the bill as under present law, because the cost effect of the changes made by the bill is relatively negligible (see the previous discussion).

III. ACTUARIAL COST ESTIMATES FOR COMBINED OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE SYSTEM FOR 1968 AND 1969

This section compares the benefit outgo and the contribution income in 1968 and 1969, under the three versions of the bill and under present law for the old-age, survivors, and disability insurance system and the hospital insurance system combined. Such a combination is meaningful since each of these two systems is financed by payroll taxes (unlike the supplementary medical insurance system). The hospital insurance benefit outgo for noninsured persons is not included, because it is reimbursed on a current basis by the general fund of the Treasury.

The pertinent data are as follows:

[In billions]			
Basis	Contribution income	Benefit outgo	Excess of contributions over benefits
Calendar year 1968:			
Present law.....	\$29.6	\$25.5	\$4.1
House bill:			
If effective for all 12 months.....	30.8	28.7	2.1
If effective for last 9 months only ¹	30.8	27.9	2.9
Senate Finance Committee bill.....	31.2	29.0	2.2
Senate bill.....	31.2	29.9	1.3
Calendar year 1969:			
Present law.....	33.7	26.9	6.8
House bill.....	34.9	30.3	4.6
Senate Finance Committee bill.....	36.3	32.7	3.6
Senate bill.....	36.3	34.0	2.3

¹ So that benefit increase would be effective for March (as in the Senate Finance Committee bill and Senate bill).

IV. ACTUARIAL COST ESTIMATES FOR THE SUPPLEMENTARY MEDICAL INSURANCE SYSTEM

A. INTRODUCTION

This portion of this report presents the actuarial cost estimates for the voluntary supplementary medical insurance program as it would be modified by each of the three versions of the bill.

From a cost standpoint, the only significant changes that were made in the House bill were as follows:

(1) The transfer of the outpatient diagnostic benefits from the hospital insurance program to this program (except for the professional component thereof, which has always been included in the supplementary medical insurance program).

(2) Making the deductible and coinsurance provisions inapplicable to the professional component of pathology and radiology services furnished to inpatients in hospitals.

The Senate Finance Committee bill added the following provisions that are significant from a cost standpoint:

(1) Covering the services of chiropractors.

(2) Extending the coverage of physical therapy benefits furnished outside of hospitals.

The Senate bill added one provision that would have a small cost effect, as follows:

(1) Covering the services of clinical psychologists (even though without referral of a physician and not billed through a physician—the latter services being now covered).

B. SUMMARY OF ACTUARIAL COST ESTIMATES

Each of the three versions of the bill have expanded somewhat the protection provided by the supplementary medical insurance program. The increase in cost for these changes, which would be effective after March 1968, will be recognized by the Secretary of Health, Education, and Welfare in his determination of the standard premium rate for the period after March 1968. Under the House bill, the future period to which the new rate would be applicable would be April 1968 through December 1969. Under the Senate bill (as also under

the Senate Finance Committee bill), the new rate would be for April 1968 through June 1969, which in accordance with the provisions of present law, as modified by the bill, will be promulgated before January 1, 1968, along with a statement of the actuarial assumptions and bases underlying the determined premium rate.

C. FINANCING POLICY

(1) Self-supporting nature of system

Coverage under supplementary medical insurance can be voluntarily elected, on an individual basis, by virtually all persons aged 65 and over in the United States. This program is intended to be completely self-supporting from the premiums of enrolled individuals and from the equal-matching contributions from the general fund of the Treasury. For the initial period, July 1966 through March 1968, the premium rate is established at \$3 per month, so that the total income of the system per participant per month is \$6. Persons who do not elect to come into the system at as early a time as possible will generally have to pay an additional charge on enrollment, under the provisions of the committee-approved bill. The standard monthly premium rate can be adjusted for periods after March 1968 so as to reflect the expected experience, including an allowance for a margin for contingencies. All financial operations for this program are handled through a separate fund, the supplementary medical insurance trust fund.

Under the present law and under the House bill, the standard premium rate (for persons enrolling in the earliest possible enrollment period) is generally to be established for 2-year periods in the future—namely, for April 1968 through December 1969 and then for each following 2-calendar-year period. Under the Senate bill, this basis would be changed to an annual one on a permanent basis—namely, for April 1968 through June 1969 and then for 12-month periods beginning with July 1969 and each July thereafter. Thus, the premium periods will not correspond with the benefit periods, which are on a calendar-year basis. This will make the actuarial analysis underlying the promulgation of the premium rates more difficult. It will probably be necessary first to compute the estimated premium rates on calendar-year bases and then to prorate them for the applicable premium period. For example, under this procedure, the premium rate to be determined for the period July 1969 through June 1970 would be the average of the premium rates estimated to be suitable for calendar years 1969 and 1970 (if the premium period had been on that calendar-year basis).

The present law provides for the establishment of an advance appropriation from the general fund of the Treasury that will serve as an initial contingency reserve in an amount equal to \$18 (or 6 months' per capita contributions from the general fund of the Treasury) times the number of individuals who were estimated to be eligible for participation in July 1966. This amount, which is approximately \$345 million (of which \$100 million has actually been appropriated), has not actually been transferred to the trust fund and will not be transferred unless, and until, some of it would be needed. This contingency amount is available only during the first 18 months of operations (July 1966 through December 1967), and any amounts actually transferred to the trust fund would be subject to repayment to the general fund of the Treasury (without interest).

Under each of the three versions of the bill, the availability of the contingency reserve would be extended for 2 years, through December 1969. It is anticipated that none of the authorized and appropriated funds will be needed, but the Congress believes that it is desirable to take this action so that the premium rate to be established for periods after March 1968 can be set at an intermediate level, rather than at a level that is certain to be adequate even if experience follows the high estimates. It may be noted that it has not yet been possible to make a full analysis, on an accrual basis, of the actual experience for the first year of operation (July 1966 through June 1967), so as to determine whether and to what extent a contingency reserve has been built up. In the event that the operations in the 21-month period when the initial \$3 premium rate is effective show a deficit on an accrual basis, this should be made up from the inclusion of a small amount in the premium rates in the next few years. It should be observed that the system may well have a considerable trust-fund balance on a cash basis—due to the lag in presenting and adjudicating claims—even though it may have a deficit on an accrual basis.

In any event, the Congress believes that there should be no need for any further extension of this contingency-reserve provision after 1969. By then, either sufficient contingency funds should be built up by the existing financing provisions, or else this will be able to be accomplished from the future premium rates being set at a proper level, based on adequate experience which will be available by that time.

(2) Actuarial soundness of system

The concept of actuarial soundness for the supplementary medical insurance system is somewhat different than that for the old-age, survivors, and disability insurance system and for the hospital insurance system. In essence, the first-mentioned system is on a "current cost" financing basis, rather than on a "long-range cost" financing basis. The situations are essentially different because the financial support of the supplementary medical insurance system comes from a premium rate that is subject to change from time to time, in accordance with the experience actually developing and with the experience anticipated in the near future. The actuarial soundness of the supplementary medical insurance program, therefore, depends only upon the "short-term" premium rates being adequate to meet, on an accrual basis, the benefit payments and administrative expenses over the period for which they are established (including the accumulation and maintenance of a contingency fund).

D. RESULTS OF COST ESTIMATES

The bill makes a number of changes in the benefit provisions of the supplementary medical insurance program, some of which expand the scope of the program, whereas several limit it slightly. The only changes which have a significant cost effect are as follows, along with the cost per participant per month relative to the current \$6 monthly premium rate (for the participant and the Government combined):

<i>Item</i>	<i>Cost</i>
Changes made by House bill:	
Nonprofessional component of outpatient diagnostic services-----	\$0. 12
Elimination of cost-sharing for inpatient pathology and radiology-----	. 20
Total, House bill-----	<u>. 32</u>
Additional changes made by Senate Finance Committee bill:	
Chiropractor services-----	. 20
Extending coverage of physical-therapy services benefits-----	. 05
Total, Senate Finance Committee bill-----	<u>. 57</u>

The cost of covering the services of clinical psychologists (even though without referral of a physician and not billed through a physician)—as added by the Senate bill—is estimated at \$0.01 per month per capita or less (taking into account that the same special cost-sharing and maximum-benefit provisions would be applicable as relate to services of psychiatrists). The cost of covering certain limited services furnished by podiatrists (as provided under all three versions of the bill) and by optometrists (as provided under the Senate Finance Committee and Senate versions) would similarly be very small.

The total cost of \$0.57 per month per capita relative to the current \$6 monthly premium rate will probably be increased to about \$0.71 when the likely increase in the standard premium rate for the period after March 1968 is taken into account. This total cost of \$0.71 per month per capita is equivalent to an annual cost of \$153 million with respect to 18 million participants (half of which cost comes from the general fund of the Treasury).





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Congressional Record

PROCEEDINGS AND DEBATES OF THE 90th CONGRESS, FIRST SESSION

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No. 192

House of Representatives

agreeing votes of the two Houses thereon, and appoints Mr. LONG of Louisiana, Mr. SMATHERS, Mr. ANDERSON, Mr. GORE, Mr. TALMADGE, Mr. WILLIAMS of Delaware, Mr. CARLSON, and Mr. CURTIS to be the conferees on the part of the Senate.

MESSAGE FROM THE SENATE

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 12080. An act to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 12080) entitled "An act to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes," requests a conference with the House on the dis-

MILLS, KING of California, Boggs, KARS-
TEN, HERLONG, BYRNES of Wisconsin,
CURTIS, UTT, and BETTS.

APPOINTMENT OF CONFEREES ON
H.R. 12080, SOCIAL SECURITY
AMENDMENTS OF 1967

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none, and appoints the following conferees: Messrs.

MESSAGE FROM THE HOUSE

The message also announced that the House disagreed to the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two House thereon, and that Mr. MILLS, Mr. KING of California, Mr. BOGGS, Mr. KARSTEN, Mr. HERLONG, Mr. BYRNES of Wisconsin, Mr. CURTIS, Mr. UTT, and Mr. BETTS were appointed managers on the part of the House at the conference.

90th Congress }
1st Session }

CONFERENCE COMMITTEE PRINT

H.R. 12080

SOCIAL SECURITY AMENDMENTS OF 1967

BRIEF DESCRIPTION OF SENATE
AMENDMENTS

PREPARED FOR THE USE OF THE
CONFEREES



DECEMBER 5, 1967

Printed for the use of the Senate Committee on Finance and
the House Committee on Ways and Means

SENATE AMENDMENTS TO H. R. 12080

Bill page	Amend- ment No.	Description
5	(1)	New table of contents.
TITLE I—OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE		
INCREASE IN BENEFITS		
11	(2)	Committee amendment—Increases social security benefits by 15 percent with minimum primary insurance amount of \$70. House bill provided 12½-percent increase with minimum primary insurance amount of \$50.
16-19	(3-5 and 7-15)	Committee amendment—Effective date for benefit increase. Under Senate amendment benefit increase would be effective for March 1968. House bill would make it effective for second month after month of enactment.
17	(6)	Conforming with amendment No. 2.
SPECIAL BENEFITS FOR PERSONS AGE 72 AND OVER		
20	(16, 18- 20, and 23)	Committee amendment—Increases special benefits payable to uninsured people who attained age 72 prior to 1968 from \$35 a month to \$50 for an individual. House bill would have increased this amount to \$40.
20-21	(17, 21- 22, and 24)	Committee amendment—Increases special benefits payable to uninsured people who attained age 72 prior to 1968 from \$17.50 a month to \$25 for a spouse. House bill would have increased this amount to \$20.
21	(25)	Committee amendment—Increase in special benefits for uninsured would be effective for March 1968. House bill would have been effective for second month after month of enactment.
MAXIMUM AMOUNT OF SPOUSE'S BENEFIT		
22	(26)	Conforming amendment—Effective date for limitation on maximum amount of husband's or wife's benefits, conforming with amendment No. 3.

Bill page	Amend- ment No.	Description
DISABLED WIDOWS		
22	(27)	Committee amendment—Provides full-rate (82½ percent of the deceased spouse's primary insurance amount) benefits to disabled widows and widowers regardless of age. Benefits would be first payable for March 1968. House bill provided reduced benefits (ranging from 50 to 82½ percent of the primary insurance amount) starting at age 50, effective for second month after month of enactment.
REDUCED BENEFITS AT AGE 60		
46	(28)	Committee amendment—Provides actuarially reduced benefits for both men and women at age 60, with benefits first payable for December 1968. No comparable provision in House bill.
YOUNG DISABLED WORKERS		
54	(29)	Technical—Renumbering.
54	(30)	Conforming amendment—Effective date for change in insured status for younger disabled workers, conforming with amendment No. 3.
UNIFORMED SERVICES		
55	(31)	Technical—Renumbering.
EARNINGS TEST		
56	(32)	Technical—Renumbering.
56	(33-35)	Floor amendment by Senator Bayh—Increases from \$1,500 a year to \$2,400 the amount a person may earn and still get full social security benefits. The House bill would have increased the amount to \$1,680 a year.
WAGE BASE INCREASE		
57	(36)	Committee amendment—Increases the amount of earnings subject to social security taxes and which can be used in benefit computations from \$6,600 a year to \$8,000 in 1968, to \$8,800 in 1969, and to \$10,800 in 1972 and thereafter. House bill would have increased amount to \$7,600 in 1968 and thereafter.

Bill
page Amend-
 ment
 No.

Description

TAX RATE CHANGES

- 66 (37) Committee amendment—Provides new schedule of social security taxes. The schedules in present law, the House bill, and the Senate bill are shown in the following table:

TAX SCHEDULE UNDER PRESENT LAW, THE HOUSE BILL
AND THE SENATE BILL

[In percent]

Period	OASDI			HI			Total		
	Present law	House bill	Senate bill	Present law	House bill	Senate bill	Present law	House bill	Senate bill
Employer-employee, each									
1968.....	3.9	3.9	3.8	0.5	0.5	0.6	4.4	4.4	4.4
1969-70.....	4.4	4.2	4.2	.5	.6	.6	4.9	4.8	4.8
1971-72.....	4.4	4.6	4.6	.5	.6	.6	4.9	5.2	5.2
1973-75.....	4.85	5.0	5.0	.55	.65	.65	5.4	5.65	5.65
1976-79.....	4.85	5.0	5.05	.6	.7	.65	5.45	5.7	5.7
1980-86.....	4.85	5.0	5.05	.7	.8	.75	5.55	5.8	5.8
1987 and after.....	4.85	5.0	5.05	.8	.9	.75	5.65	5.9	5.8
Self-employed									
1968.....	5.9	5.9	5.8	0.5	0.5	0.6	6.4	6.4	6.4
1969-70.....	6.6	6.3	6.3	.5	.6	.6	7.1	6.9	6.9
1971-72.....	6.6	6.9	6.9	.5	.6	.6	7.1	7.5	7.5
1973-75.....	7.0	7.0	7.0	.55	.65	.65	7.55	7.65	7.65
1976-79.....	7.0	7.0	7.0	.6	.7	.65	7.6	7.7	7.65
1980-86.....	7.0	7.0	7.0	.7	.8	.75	7.7	7.8	7.75
1987 and after.....	7.0	7.0	7.0	.8	.9	.75	7.8	7.9	7.75

NOTE.—Maximum taxable earnings base under present law is \$6,600. Maximum taxable earnings base under House bill is \$7,600, beginning in 1968. Maximum taxable earnings base under Senate bill is \$8,000 in 1968, \$8,800 in 1969-71, and \$10,800 in 1972 and after.

ALLOCATION TO DI TRUST FUND

- 76 (38) Technical—Renumbering.

DISABILITY FREEZE APPLICATIONS

- 77 (39) Committee amendment—Extends the period of time in which a person may file an application for the disability freeze (but not for monthly disability benefits) if the person was prevented by a physical or mental condition from filing an application within the period specified in present law or the law in effect prior to the enactment of the 1965 amendments. No comparable provision in the House bill.

Bill page	Amend- ment No.	Description
MARRIED STUDENT		
79	(40)	Committee amendment—Provides that a child's benefits shall not terminate (as they generally do under present law) when the child marries if the child is a full-time student; in the case of a girl beneficiary, the amendment would apply only if her husband is also a full-time student. No comparable provision in the House bill.
ADOPTED CHILDREN		
81	(41)	Floor amendment by Senator Allott—Provides that a child adopted by a person who is getting disability insurance benefits can become entitled to child's benefits if (a) the adoption takes place in the United States, (b) it was under the supervision of a public or private child-placement agency, (c) the disabled individual had resided in the United States for the year prior to the adoption, and (d) the child is under 18 at the time of the adoption. No comparable provision in the House bill.
MOTHER'S BENEFIT		
82	(42)	Floor amendment by Senator Nelson—Provides that a child over age 18 shall be considered to be in his mother's care, for purposes of paying mother's benefits, if the child is a full-time student in an elementary or secondary school. No comparable provision in House bill.
DELAYED RETIREMENT STUDY		
82	(43)	Floor amendment by Senator Allott—Provides that the Social Security Administration shall make a study and report to Congress on increasing old-age insurance benefits on account of delayed retirement. No comparable provision in House bill.
COVERAGE OF RELIGIOUS		
83-84	(44-46)	Committee amendment—Retains provision of present law which excludes from coverage members of religious orders who have taken a vow of poverty. House bill would have provided a method of coverage for such members on the same basis as other clergymen, unless they elected not to be covered.
84	(47)	Committee amendment—Provides that a clergyman may also elect not to be covered under social security if he is opposed to such coverage

Bill page	Amend- ment No.	Description
85	(47)	on grounds of religious principle, or on conscientious grounds. House bill provided for objection only on conscientious grounds.

STATE AND LOCAL EMPLOYEES

88	(48)	Committee amendment—Provides a 3-year extension, through 1969, for election of social security coverage by State and local employees who did not previously do so under the provisions which permit a State to cover only those employees who desire coverage.
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RETIRED PARTNERS

89	(49)	Technical—Editorial.
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POLICEMEN AND FIREMEN

91	(50)	Committee amendment—Provides for including Puerto Rico in the list of the States which may provide social security coverage for policemen and firemen—amendment includes provision to reflect floor amendment by Senator Curtis which provides for retroactive social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.
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FIREMEN

92	(51)	Committee amendment—Provides that social security coverage can be extended to firemen in States not specifically authorized to cover them if the Governor of the State certifies that the total benefit protection of firemen would be improved as a result of such coverage. However, the divided retirement system could not be used and the firemen would have to be brought into coverage as a separate group and not as part of a group which includes persons other than firemen. No comparable provision in House bill.
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VALIDATION OF EARNINGS OF PUBLIC EMPLOYEES

93	(52)	Committee amendment—Provides that when a State makes a social security coverage agreement it may validate coverage of earnings of State and local employees which had been erroneously reported if no refund has been made of the taxes on the earnings reported. No comparable provision in House bill.
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Bill
page Amend-
 ment
 No.

Description

JUSTICES OF THE PEACE

- 94 (53) Committee amendment—Provides social security coverage as self-employed individuals to State and local government employees who are compensated solely on a fee basis (e.g., constables and justices of the peace). People in fee-basis positions in 1968 could elect not to be covered, and States could modify their coverage agreements to exclude from coverage fee-basis employees who are now covered. No comparable provision in the House bill.

FAMILY EMPLOYMENT

- 97 (54) Committee amendment—Provides for extending social security coverage with respect to employment performed in the private home of the employer by a parent in the employ of his son or daughter where there is a bona fide employment relationship and where the son or daughter
 (a) is a widow or widower,
 (b) is divorced, or
 (c) has a disabled spouse,
 and has a child who is under age 18 or who is disabled. No comparable provision in the House bill.

MASSACHUSETTS TURNPIKE AUTHORITY

- 99 (55) Committee amendment—Provides that the State of Massachusetts may modify its social security coverage agreement so as to terminate the coverage now provided for employees of the Massachusetts Turnpike Authority. If coverage is terminated, it may not be reinstated at a later date. No comparable provision in the House bill.

PHYSICIANS PAYMENT—MEDICARE

- 100 (56-59) Committee amendment—Modifies the provision in the House bill which provides for physician payment under the medical insurance program. Under present law, payment may be made only to the physician upon assignment or to the patient upon presentation of a receipted bill. House bill provided for retention of present law provisions and added new alternatives for payment to the physician or patient on the basis of an unpaid bill. Under Senate amendment only two methods of payment would be provided: payment either directly to the patient on the basis of an itemized bill (which could be either receipted or unpaid) or directly to the physician as under the present assignment method.

Bill page	Amend- ment No.	Description
101	(60)	Effective date—Claims pending on basis of nonreceipted bill as of date of enactment may be paid, instead of being returned to beneficiary (as under House bill).

PODIATRISTS

103	(61)	Committee floor amendment—Would limit the purposes for which a podiatrist is considered a physician only for definition of covered physicians' services.
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PROSTHETIC LENSES

105	(62)	Committee amendment—Modifies House bill which prevented payment for the costs of procedures to determine refractive state of eyes so as to permit payment for services or procedures involved in fitting prosthetic lenses.
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OUTPATIENT HOSPITAL SERVICES IN PART B

107	(63)	Technical—Relettering.
107	(64)	Conforming with amendment No. 88.
108	(65)	Technical—Renumbering.
108	(66)	Conforming with amendment No. 88.
108	(67)	Technical—Editorial.
108	(68)	Conforming with amendment No. 88.
108	(69)	Technical—Editorial.
109	(70)	Conforming with amendment No. 88.
110	(71)	Effective date advanced to April 1, 1968 to reflect passage of time; except that date of termination of requirement of initial physician's certification for hospital care is date of enactment rather than December 31, 1967 as under House bill.

BILLING FOR HOSPITAL SERVICES

111	(72)	Technical.
111	(73-74)	Conforming with amendment No. 90.
112	(75)	Effective date advanced to April 1968 to coincide with effective date of new part B premium.

RADIOLOGICAL AND PATHOLOGICAL CHARGES FOR INPATIENTS

113	(76)	Effective date advanced to April 1968 to coincide with effective date of new part B premium.
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PHYSICAL THERAPISTS

114	(77)	Committee amendment—Expands the provisions of the House bill which added coverage of physical therapy when provided in a patient's
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Bill page	Amend- ment No.	Description
114	(77)	home under the supervision of a hospital. Under present law, such services may be provided by or through home health agencies. The amendment would also cover outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of other providers of services, approved clinics, rehabilitation centers, or local public health agencies. Under the committee amendment the patient would not have to be homebound for the physical therapy services to be covered.

BLOOD

121-122	(78-79)	Committee amendment—Modifies the provision in the House bill which requires that the patient replace 2 pints of blood for the first pint of blood received for purposes of the 3-pint deductible. (In effect, 4 pints would have to be replaced for the 3 pints used.) Under the Senate bill, replacement would be on a pint-for-pint basis, as under present law.
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ADDITIONAL HOSPITAL DAYS

123, 126	(80-83)	Committee amendment—Modifies the provision of the House bill which would extend the number of inpatient hospital days covered during a "spell of illness" from 90 to 120 days, with a \$20 coinsurance requirement from the 91st day through the 120th day. Instead, there would be provided a lifetime reserve of 60 additional days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$10 for each day would be applicable to such added days of coverage. Under both bills, the additional days would be available after December 31, 1967.
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ALTERNATIVE METHOD OF REIMBURSEMENT

130	(84)	Floor amendment by Senator Miller—Provides that the average per diem method of calculating reimbursement may be used, effective July 1, 1968, at option of provider of services, under medicare. Secretary shall take into account the per diem cost prevailing in the community for comparable quality and level of service. No comparable provision in House bill.
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Bill page	Amend- ment No.	Description
PARTNERSHIP FOR HEALTH—DEPRECIATION ALLOWANCES		
131	(85)	Committee amendment—Provides that reimbursement under medicare or medicaid for depreciation or interest on debt would not be available for certain capital expenditures of hospitals or other health facilities where such expenditures have been specifically disapproved by a State's partnership for health agency (Public Law 89-749), effective with respect to expenditures made after June 30, 1970 (or earlier at the request of a State). The amendment does not compel any State to specifically disapprove capital expenditures—assumption of that function is at the option of the State. No comparable provision in House bill.
MEDICARE FOR PUBLIC EMPLOYEES		
138	(86)	Committee amendment—Adds a provision permitting States to contract with the Secretary of Health, Education, and Welfare for hospital insurance coverage for State and local governmental employees, retired or active (and their dependents and survivors), age 65 or over who do not otherwise qualify for medicare. States would reimburse the medicare program for the costs of benefits paid and administrative expenses incurred with respect to such coverage. No comparable provision in House bill.
NONPARTICIPATING HOSPITALS		
144	(87)	Committee amendment—Adds a provision permitting payment for services received in certain nonparticipating hospitals. At present, payments may be made to participating hospitals, and in an emergency case, to a nonparticipating hospital which meets certain standards, but only if such nonparticipating hospital agrees to accept reasonable cost reimbursement as full payment. The Senate bill permits direct reimbursement to be made to an individual who was furnished hospital services in a nonparticipating hospital during the 18-month period ending December 31, 1967. This coverage would not apply to non-emergency admissions occurring after 1967. Payment would be limited to 60 percent of the room and board charges and 80 percent of the hospital ancillary charges for up to 20 days in each spell of illness (subject to the \$40 deductible

Bill page	Amend- ment No.	Description
144	(87)	and other statutory payment limitations in present law) if the hospital did not formally participate in medicare prior to January 1, 1969. If it did participate in medicare prior to that date and if it applied its utilization review plan to the services for which medicare benefits are being claimed (and which were provided before its regular participation started) up to the full 90 days of coverage could be reimbursable in behalf of or to the beneficiary. No comparable provision in House bill.

PAYMENTS FOR EMERGENCY HOSPITAL SERVICES

148	(88)	Committee amendment—Provides for benefits on a basis essentially comparable to those described in the transitional benefit authorized under amendment 87. This would apply to emergency admissions occurring on or after January 1, 1968, as an alternative to the coverage of emergency care provided under present law. Hospitals could apply for payment on a reasonable cost basis, as under present law, or if the hospital did not apply, the patient could obtain payment directly, under the new provisions, on the basis of 60 percent of room and board and charges and 80 percent of ancillary services charges.
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With respect to both this and the preceding amendment, a new definition would be used for hospitals eligible under the transitional and emergency care provisions. A qualifying hospital must have a full-time nursing service, be licensed as a hospital, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. This definition is retroactive to July 1, 1966, so that some hospitals which today would be ineligible to receive payment for emergency services may receive such payments on behalf of beneficiaries back to the beginning of the program, provided they apply for such payments. If such payments are not applied for, the patient would be paid directly under the new payment provisions. No comparable provision in House bill.

MEDICARE IN CANADA AND MEXICO

151	(89)	Committee amendment—Adds a provision which would permit direct payment of hospital insurance benefits to a resident of the United States for up to 20 days of inpatient hospital services furnished with respect to admissions
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Bill page	Amend- ment No.	Description
151	(89)	occurring after March 31, 1968, in a country contiguous to the United States by a hospital which is not more than 50 miles from the border of the continental United States. In the case of non-emergency care, the hospital would have to be the one nearest to the patient's residence suitable to treat his illness. The amendment also provides that payment may be made for emergency in-patient hospital services furnished outside the United States in a hospital within 50 miles of the border if the hospital was the closest one suitable for treatment and the emergency occurred no more than 50 miles outside the United States (present law provides emergency coverage outside the United States only if the emergency occurs in the United States). Benefits would be payable for the services covered under this provision only on the basis of an application for reimbursement filed by the medicare beneficiary and only if the hospital met standards which are essentially comparable to those required of hospitals participating under the program in the United States. No comparable provision in House bill.

CERTAIN INPATIENT ANCILLARY SERVICES

154	(90)	Committee amendment—Adds a provision which would permit payment under the supplementary medical insurance program for presently noncovered ancillary hospital and extended care facility services, principally X-ray and laboratory services, furnished after March 31, 1968, to a patient who has exhausted his eligibility for such services under part A of the program. Payment would be made for these services under the usual part B provisions applying to the \$50 deductible and 20-percent coinsurance. No comparable provision in House bill.
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GENERAL ENROLLMENT PERIOD

155	(91)	Committee amendment—Adds a provision effective January 1, 1969, under which the general enrollment periods of the supplementary medical insurance program would be placed on an annual basis, rather than biennial. The enrollment period would run from January 1 through March 31, rather than October 1 through December 31, as under present law. The Secretary would determine and promulgate during December of each year the premium rate which would be applicable
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Bill page	Amend- ment No.	Description
155	(91)	<p>for a 12-month period to begin the following July 1. When the Secretary promulgates the rate for part B, he would also be required to issue a public statement setting forth the actuarial assumptions and bases upon which he arrived at the rate.</p> <p>Additionally, persons wishing to cancel part B coverage could do so at any time, but such termination would not take effect until the close of the calendar quarter following the quarter in which the notice of withdrawal was filed.</p> <p>Presently, termination may be made only during a general enrollment period (every 2 years). The amendment would also substitute a flat one-time late enrollment penalty of up to 3 months' premium in lieu of the 10- or 20-percent additional monthly premium charge required under present law. This provision becomes effective within the present open enrollment period ending March 31, 1968. No comparable provision in House bill.</p>
TB HOSPITALS		
159	(92)	<p>Committee amendment—Effective January 1968, eliminates provision in present law under which days in a tuberculosis institution immediately before initial entitlement to hospital insurance are counted against the days of coverage for which an individual would otherwise be eligible. The amendment would make an individual's entitlement to hospital insurance benefits the same if he received hospital services in a tuberculosis hospital as it would be if he received such services in a general hospital. No comparable provision in House bill.</p>
OPTOMETRISTS		
160	(93)	<p>Committee amendment—Includes within the definition of physician a licensed doctor of optometry but only with respect to functions he is authorized to perform by the State in which he practices. No payment would be made for services involving the diagnosis or detection of eye diseases unless the optometrist is legally authorized to treat the disease, or for diagnostic services where the optometrist provides no treatment. Effective, under part B of medicare with respect to services provided after March 31, 1968. No comparable provision in House bill.</p>

Bill page	Amend- ment No.	Description
CHIROPRACTORS		
161	(94)	Committee amendment—Includes within the definition of physician a licensed chiropractor but only with respect to functions he is authorized to perform by the State in which he practices. Effective under part B of medicare with respect to services provided after March 31, 1968. No comparable provision in House bill.
PSYCHOLOGISTS		
162	(95)	Floor amendment by Senator Harris—Includes within the definition of physician a licensed or certified psychologist but only with respect to functions he is authorized to perform by the State in which he practices. Effective, under part B of medicare, with respect to services provided after March 31, 1968. No comparable provision in House bill.
ELIGIBILITY OF ADOPTED CHILD		
163	(96)	Committee amendment—Makes the more liberal eligibility provision for adopted children contained in the House bill effective March 1968 (instead of second month after enactment), conforming with amendment No. 3.
CHILD'S DEPENDENCY ON MOTHER		
164	(97)	Committee amendment—Makes the House provision conforming dependency requirement of female worker to those now provided for male workers effective March 1968 (instead of second month after enactment), conforming with amendment No. 3.
RECOVERY OF OVERPAYMENTS		
165	(98)	Committee amendment—Authorizes the Secretary of HEW to recover overpaid benefits by requiring the overpaid beneficiary or his estate to refund the overpayment or by withholding future benefits payable to him, his estate or to any other person entitled to benefits on the same earnings record. Under present law, overpayments may be recovered from the overpaid person while he is getting benefits; recovery may not be made from any other person getting benefits on the same account; there is no specific provision for recovering an overpayment while the beneficiary is alive if he is not getting benefits. No comparable provision in House bill.

Bill
page Amend-
 ment
 No.

Description

ERRONEOUS DEATH REPORTS

166 (99) Committee amendment—Provides that all benefits paid on the basis of official reports of death issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead is still alive. No comparable provision in House bill.

UNDERPAYMENTS

167-178 (100-101) Committee amendment—Substitutes a uniform order of distribution of unpaid amounts in place of dual order of distribution in House bill, as follows:

House bill		Senate bill
Cash benefits	Medicare (pt. B)	
<p>(1) To his surviving spouse if she was entitled to benefits on the same earnings record as the deceased beneficiary.</p> <p>(2) To his child or children (in equal parts) if they were entitled to benefits on the same earnings record as the deceased beneficiary.</p> <p>(3) To his parent or parents if they were entitled to benefits on the same earnings record as the beneficiary.</p> <p>(4) To the legal representative of the deceased beneficiary's estate.</p> <p>(5) To his surviving spouse not entitled to benefits on the same earnings record.</p> <p>(6) To his child or children (in equal parts) not entitled to benefits on the same earnings record. If none of the persons mentioned in the bill exist, no payment would be made.</p>	<p>In cases where a beneficiary who has received services for which payment is due him dies, and the bill for such services has been paid (but reimbursement under the medical insurance program has not been made) payment of the medical insurance benefits to the person who paid the bill would be authorized. If payment could not be made to the person who paid the bill, payment would be made to the legal representative of the deceased beneficiary's estate, if any. If there is no legal representative, payment would be made to relatives of the deceased individual in the following order of priority:</p> <p>(1) The surviving spouse living with the deceased beneficiary at the time of his death.</p> <p>(2) A surviving spouse entitled to a monthly social security benefit based on the earnings of the deceased beneficiary.</p> <p>(3) The child or children of the deceased beneficiary (in equal parts).</p> <p>If none of the persons mentioned in the bill exist, no payment would be made.</p>	<p>1. Spouse living with individual at time of his death or to spouse not living with individual but entitled to benefits on same earnings record.</p> <p>2. Child entitled to benefits on same earnings record.</p> <p>3. Parent entitled to benefits on same earnings record.</p> <p>4. Spouse who was neither entitled to benefits on same earnings record nor living with individual.</p> <p>5. Child not entitled to benefits on same earnings record.</p> <p>6. Parent not entitled to benefits on same earnings record.</p> <p>7. Legal representative of individual's estate, if any.</p> <p>8. Person related to individual by blood, marriage, or adoption determined by Secretary to be proper person to receive the payment due.</p>

The Senate amendment would provide that before applying the order of priority described above amounts due under supplementary medical insurance (pt. B) of medicare after the beneficiary's death be paid first to the person who paid for the services or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate, if there is one.)

Bill page	Amend- ment No.	Description
SIMPLIFICATION OF COMPUTATION		
178	(102)	Technical—Renumbering.
182	(103)	Conforming amendment—Makes simplification rules for survivors coming on rolls after enactment effective for March 1968, conforming with amendment No. 3.
DEFINITION OF WIDOW, ETC.		
184	(104)	Technical—Renumbering.
186	(105)	Conforming amendment—Makes more liberal definition of widows, etc., in House and Senate bills effective for March 1968, conforming with amendment No. 3.
HUSBANDS AND WIDOWERS		
187	(106)	Technical—Renumbering.
188	(107)	Conforming amendment—Makes more liberal eligibility rules for husbands and widowers in House and Senate bill effective for March 1968, conforming with amendment No. 3.
DEFINITION OF DISABILITY		
188	(108)	Technical—Renumbering.
189-192	(109-114)	Floor amendment by Senator Metcalf—Deletes the provision of the House bill providing (a) new guidelines emphasizing the importance of the medical factors in determining disability and (b) a special definition of disability for widows and widowers.
WORKMEN'S COMPENSATION		
193	(115)	Technical—Renumbering.
194	(116)	Conforming amendment—Makes more liberal disability workmen's compensation offset in House and Senate bill effective March 1968, conforming with amendment No. 3.
MISCELLANEOUS		
194-195	(117-118)	Technical—Renumbering.
INTERNATIONAL TREATIES		
197	(119)	Committee amendment—Provides that the present 5-year residence requirements that uninsured people must meet in order to qualify for (a) hospital insurance, or (b) for special age 72 payments, or (c) the supplementary medical insurance, would not apply where they would be

Bill page	Amend- ment No.	Description
197	(119)	contrary to treaty obligations of the United States under treaties in effect on the date of enactment. No comparable provision in House bill.

ALIENS

198	(120)	Technical—Renumbering.
200	(121-123)	Committee amendment—Makes provision of House bill relating to limitation on payments to aliens outside the United States effective January 1969. Under House bill the provision relating to the change in the 40 quarters of coverage and 10-year resident requirement would have been effective 6 months after enactment, the provision relating to future benefits to people in Communist countries would have been effective for benefits payable after enactment, and the provision relating to past benefits due people in Communist countries would have applied to benefits for months before enactment.

ILLEGITIMATE CHILDREN

201	(124)	Committee amendment—Provides that the benefits payable to a person on the effective date of the 1965 amendments which were reduced because an illegitimate child became entitled to benefits under the 1965 amendments will not be reduced in the future. For people who became entitled after the effective date of the 1965 amendments or become entitled in the future the provisions of present law will apply. House bill provided that benefits payable to illegitimate children who became entitled to benefits under the 1965 amendments could not exceed the difference between the total amounts payable to other persons and the family maximum amount. Benefits payable under Senate amendments will be payable March, 1965 instead of second month after date of enactment as in House bill.
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ADVISORY COUNCILS

203	(125)	Technical—renumbering.
206	(126)	Committee amendment—Modifies the House-passed provision relating to the time at which Advisory Councils would be appointed and would issue reports to provide that the Advisory Councils be appointed in 1969 and every 4 years thereafter. The appointments could be made at any time after January 31 (rather than in February as in the House bill). As in present law,

Bill page	Amend- ment No.	Description
206	(126)	the Senate amendment provides that each Council would report to the Secretary not later than the first day of the second year following the year in which it is appointed. Interim reports are also authorized. Under House bill, Council must report in year it is appointed.
MISCELLANEOUS		
207-208	(127-128)	Technical—Renumbering.
DISCLOSURE TO COURTS		
209	(129-131)	Committee amendment—Modifies provision in House bill relating to disclosure of address of deserting father to make information available to both courts in interstate support actions.
REPORTS TO CONGRESS		
210	(132)	Technical—Renumbering.
GENERAL SAVINGS PROVISIONS		
211-212	(133-140)	Committee amendment—Broadens savings clause in House bill to include Senate amendments. Under the provision, people on the benefit rolls will not have their benefits reduced because of the family maximum when new people are added to the rolls under the new benefit provisions.
EXPEDITED PAYMENTS		
213	(141)	Committee amendment—Provides for the establishment of procedures to expedite the payment of cash benefits other than benefits based on disability. The provision would not apply where benefit checks have been cashed. No comparable provision in House bill.
DRUG STUDY		
215	(142)	Committee amendment—Requires the Secretary to study and report to the Congress, prior to January 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under medicare [S. 17, 90th Cong.], and (2) a proposal to estab-

Bill page	Amend- ment No.	Description
215	(142)	lish, through a formulary committee, quality and cost control standards for drugs provided under the various Federal-State assistance programs and the hospital insurance part (pt. A) of the medicare program [S. 2299, 90th Cong.]. No comparable provision in House bill.

BLIND PERSONS

217	(143)	Committee amendment—Changes the definition of disability for the blind so that a person who is “industrially blind” (i.e., visual acuity of 20/200 or less) can be entitled to disability insurance benefits if he has at least 6 quarters of coverage. A person who qualifies would be paid benefits regardless of whether he engages in substantial gainful work. No comparable provision in House bill.
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DISABLED CHILD

219	(144)	Committee amendment—Provides child's insurance benefits for an otherwise qualified disabled child if his disability began after age 18 but before age 22. Under present law, a person must have become disabled before age 18 to qualify for childhood disability benefits as the son or daughter of an insured disabled, retired, or deceased worker. No comparable provision in House bill.
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ATTORNEY'S FEES

222	(145)	Floor amendment by Senator Ervin—Authorizes the Secretary of HEW to fix a reasonable fee for the services in administrative proceedings provided an applicant for social security benefits by an attorney and to pay such attorney's fee out of past-due benefits. The fee could not exceed the smaller of (a) 25 percent of the past-due benefits, (b) the fee fixed by the Secretary, or (c) the amount agreed to by the applicant and the attorney. No comparable provision in House bill.
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TITLE II—PUBLIC WELFARE AMENDMENTS

FAMILY SERVICES PLAN

223-224	(146)	Committee amendment (line 4 on p. 224 through comma on line 16)—Requires that States provide a program of family services and child welfare services to AFDC family. Under existing law program has to be supplied to children only. Floor amendment by Senator Kennedy (N.Y.), page 224 (lines 16 through 19)—Provides that
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Bill page	Amend- ment No.	Description
		such a program is to assist AFDC recipients (1) attain or retain capability for self-support and care and (2) maintain and strengthen family life and child development.
225	(147)	Committee amendment—Changes words “illegitimate births” to “births out of wedlock”.
225-226	(148-149)	New subparagraph (B) added by the Senate amendment conforms to the work incentive program established by amendment 198, which provides that the evaluation of employment potential of participants will be carried out by the Labor Department rather than the welfare agency, as the House bill would require. Child care and family planning services would be provided by the welfare agency under both bills.
		New subparagraph (C) added by the Senate amendments provides a statutory rule that family planning services must be voluntary with the individual. The House committee report indicated a similar intent.
226	(150-152)	Technical—Relettering.
226-227	(153-155)	Conforming with amendment No. 146.
		Committee amendment—Modifies House provision so that local agencies administering State plan need not have a single organizational unit to administer child welfare and family services.
227	(156)	Committee amendment—Changes words “illegitimate child” to “a child born out of wedlock”.
224-231	(157)	Committee amendment—Makes 75 percent matching applicable to child and family services provided under family development plan described by amendment 146.
231-232	(158-165)	Technical—Relettering.
232	(166)	Technical—Drafting simplification.
234	(167)	Committee amendment—Plan of services for AFDC families must be in effect by July 1, 1968 (or earlier if State plan so provides). House bill requires compliance by July 1, 1969.
		Committee amendment also exempts from single State organizational unit requirement any State which on the enactment date has an agency administering child welfare services which is different from the single State agency under the (AFDC) program. The States affected by this amendment are Kentucky and Illinois.
235	(168-169)	Technical—Conforms to amendment 157 and makes 85 percent matching available for child care and family planning services from date of enactment (rather than from Oct. 1, 1967, as under House bill) to July 1, 1969. Also makes available 85 percent matching to services under family development plan.

Bill page	Amend- ment No.	Description
EARNINGS EXEMPTION		
235 (170-172)		Committee amendment—Broadens title of section to reflect extension of increased earnings exemption to OAA and APTD recipients under amendments 181, 182, and 183.
236	(173)	Committee amendment—Provides that 100-percent earnings exemption would be available to any child whether above or below age 16 only if he was attending school full time. House bill provided complete exemption for children under 16 regardless of school attendance.
236	(174)	Floor amendment by Senator Brooke—Also provides complete earnings exemption for a part-time student who is not a full-time employee.
237 (175-176)		Committee amendment—Enlarges the earnings exemption provision to \$50 a month plus one-half of family earnings over \$50. The House bill provided an exemption of \$30 plus one-third of family earnings above \$30.
238 (177-178)		Floor amendment by Senator Kennedy of New York—Extends \$50 earnings exemption to support contributions received by AFDC family from a parent who is under a court order for support payments. Such contributions would be combined with the earned income of the family in determining the exempt amount. No comparable provision in House bill.
239	(179)	Technical—Renumbering.
239	(180)	Technical—Date changed from September 30, 1967, to December 31, 1967, to reflect passage of time. States would not be out of compliance with Federal requirement if they chose to apply the more generous AFDC earnings exemption between December 31, 1967, and July 1, 1969.
239	(181)	Committee amendment—Extends \$50 and 50-percent earned income exemption to old-age assistance program. Would be optional until July 1, 1969, but mandatory thereafter. Existing law provides an optional exclusion of the first \$20 a month plus one-half of the remainder. States would not be out of compliance with Federal requirement if they chose to apply the more generous OAA earnings exemption between December 31, 1967, and July 1, 1969. No comparable provision in House bill.
240	(182)	Committee amendment—Extends \$50 and 50-percent earned income exemption to aid to the permanently and totally disabled program. Would be optional until July 1, 1969, but mandatory

Bill page	Amend- ment No.	Description
		thereafter. Existing law provides an optional exclusion of the first \$20 a month plus one-half of the remainder. States would not be out of compliance with Federal requirement if they chose to apply the more generous APTD earnings exemption between December 31, 1967, and July 1, 1969. No comparable provision in House bill.
241	(183)	Committee amendment—Extends \$50 and 50-percent earned income exemption to the combined OAA and APTD program under title XVI. Would be optional until July 1, 1969, but mandatory thereafter. Existing law provides an optional exclusion of the first \$20 a month plus one-half of the remainder. States would not be out of compliance with Federal requirement if they chose to apply the more generous OAA and APTD earnings exemption between December 31, 1967, and July 1, 1969. No comparable provision in House bill.
242	(184)	Committee amendment—Makes Social Security Act the only act for determining earnings exemption of all welfare recipients. Overrules other provisions of law allowing public assistance earnings exemption (Economic Opportunity Act and Elementary and Secondary Education Act). The House provision made the earnings exemption in the Social Security Act paramount only with respect to AFDC program.

UNEMPLOYED FATHERS

244	(185-186)	Committee amendment—Deletes House requirement that father must have six calendar quarters of work out of 13-quarter period ending in the year before application for assistance, or have received unemployment compensation to be eligible for aid under the AFDC-UF program; also provides for prompt referral of unemployed fathers to the work incentive program established under amendment 198. House bill provided work and training for these fathers under a UF program by welfare agencies.
245	(187-188)	Technical—Relettering.
246	(189)	Committee amendment—Requires employment registration of unemployed father as a condition to continuation of AFDC-UF aid. Similar provision in House bill deleted by amendment 190.

Bill page	Amend- ment No.	Description
246-247	(190-191)	Committee amendment—Conforming to work incentive program established under amendment 198. Also deletes House provision denying any aid to unemployed worker's family for so long as he is receiving unemployment compensation and provides a rule, same as present law, under which a State, at its option, may deny payments for any month or for any part of a month in which the father received unemployment compensation.
250	(192-196)	Technical—Date change to reflect passage of time. Amendment also conforms to work incentive program established under amendment 198.
251	(197)	Floor amendment by Senator Harris—Makes unemployed fathers program mandatory on the States beginning July 1, 1969.

WORK INCENTIVE PROGRAM

251	(198)	Committee amendment—Establishes a new work incentive program in place of the community work and training program under the House bill. Under Senate amendment the Labor Department, rather than HEW, would administer the work and training aspects of the program. As under the House bill, welfare agencies would decide which individuals were appropriate for referral to the program and would have to furnish child care and other services. Committee amendment (p. 277, line 19) would define in more detail than House bill those for whom referral is not appropriate: (1) a sick person, (2) a person remote from a project, (3) child attending school full time, (4) a person needed to care for another member of the household, (5) a mother actually caring for a preschool child, and (6) a person with respect to whom the State agency finds referral would not be in his best interests and inconsistent with objectives of the program.
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Floor amendment by Senator Kennedy of New York (p. 278, line 11-17)—Exempts a mother from working during hours a child under 16 is not in school. It also curtails the States' discretion described in clause (6) above (p. 278, line 20), by requiring the Secretary of Health, Education, and Welfare to issue criteria for States to follow.

The Labor Department would assign recipients to one of three "priorities" after developing an employability plan for each suitable person referred to him which shall describe the education,

Bill page	Amend- ment No.	Description
251	(198)	<p data-bbox="587 324 1185 379">training, and work experience needed to enable the person to become self supporting.</p> <p data-bbox="587 379 1185 459">Under priority I, welfare recipients who are qualified for regular employment or on-the-job training would be so employed.</p> <p data-bbox="587 459 1185 566">Under priority II, recipients found in need of institutional training or work experience would be given such training (possibly through MDTA) or placed with a public agency for work experience.</p> <p data-bbox="587 566 1185 913">Priority III would involve special work projects arranged by the Secretary of Labor with public agencies (including Indian tribes on a reservation) or private nonprofit agencies organized for a public purpose. The arrangements could involve the payment of a subsidy to the employing agency which would be used to help make up the wage payment to the individuals participating in the special work project. The subsidy would not exceed the amount of welfare benefit otherwise payable with respect to a participant's family. It might be less in which case a savings would accrue to the Federal and State governments.</p> <p data-bbox="587 913 1185 1074">The wages received by participants in the special work projects would be made up of two parts: a portion of the subsidy paid to the employer and the compensation paid by the employer for services rendered to him. These wages would be subject to both income and employment taxes.</p> <p data-bbox="587 1074 1185 1211">The employment record of persons in priority III would be reviewed periodically by the Secretary of Labor for the purpose of determining whether these persons could be moved into other employment.</p> <p data-bbox="587 1211 1185 1528">Persons employed under priority I would qualify for the earnings exemption provided by the bill. Persons being trained under priority II would be entitled to receive a training allowance of up to \$20 per week, while they are undergoing training. Persons participating in special work projects under priority III would be guaranteed a return equal to the amount of their welfare grant plus 20 percent of their wage. If their wage failed to produce this full amount the Welfare Department would send them a check for the difference.</p> <p data-bbox="587 1528 1185 1634">The Secretary of Labor (rather than the Secretary of HEW as in the House bill) will determine whether an individual refused to take work or training without good cause.</p> <p data-bbox="587 1634 1185 1691">Where there was no good cause for a refusal, States would have to pay benefits on behalf of</p>

Bill page	Amend- ment No.	Description
251	(198)	the children in the form of protective or vendor payments. (House bill would permit, but not require, the States to continue payments to the children in that form.) Amendment would also allow the needs of the relative who so refused to continue to be taken into account for a period of 60 days if during that period he accepts counseling designed to persuade him to accept the work or training. Payments for all members of the family would continue on protective or vendor basis during this period. <p>Floor amendment by Senator Kennedy of New York—Would require that the payment on behalf of the children in the case where the relative refuses to accept work or training without good cause be paid to the relative (unless usual protective payment procedures were followed). However, the committee provision on protective or vendor payments would still apply to the relative during the 60-day counseling period. The combination of these provisions would mean that payments on behalf of the children would be made to the relative during that period but payments on behalf of the relative would have to be made to someone else. After the 60-day period under the Kennedy amendment payments on behalf of the children would continue to be made to the relative but the relative's needs would no longer be taken into account.</p> <p>Floor amendment by Senator Byrd of West Virginia (pp. 274-276)—Allows an assistance program financed out of Federal appropriations for the District of Columbia (but not under AFDC program) to participate in the work incentive program.</p>
AFDC FOSTER CARE		
284	(199)	Technical—Renumbering.
288	(200)	Floor amendment by Senator Williams of New Jersey—Reduces matching maximum for AFDC child in foster care from an average of \$100 a month under House bill to \$50 a month. Related to amendment No. 293.
285	(201)	Technical—Date changes to reflect passage of time.
EMERGENCY ASSISTANCE		
285	(202)	Committee amendment strikes "dependent" out of section title.
285-286	(203-206)	Technical—Renumbering.

Bill page	Amend- ment No.	Description
286	(207)	Committee amendment—Increases from 30 days (House bill) to 60 days in any 12-month period during which emergency assistance may be given.
286-287	(208)	Committee amendment—Provides that emergency assistance may not be used where need for assistance came about because of a child's or relative's refusal without good cause to accept employment or training for employment.
287	(209-211)	Technical—Renumbering.
287	(212)	Committee amendment—Authorizes emergency assistance to migrant workers with families in the State or in such part or parts thereof as the State shall designate.

PROTECTIVE AND VENDOR PAYMENTS

- 288 (213) Floor amendment by Senator Kennedy of New York—Deletes House provision which would not apply detailed procedural requirements for protective payments in cases of refusal to work or train without good cause.
- Committee amendment—Deletes House amendment striking 5-percent limitation on protective or vendor payments and inserts a 10-percent limitation but does not count refusal cases.
- Floor amendment by Senator Kennedy of New York—Would include refusal cases in computing 10-percent limitation.

AFDC FREEZE

- 289 (214) Committee amendment—Removes the House bill limitation on Federal financial participation in the AFDC program related to the proportion of the child population that could be aided because of the absence from the home of a parent.

HOME REPAIRS

- 290 (215-216) Technical—Editorial and renumbering.
- 290-291 (217-219) Committee amendment—Adds the AFDC program to the other public assistance programs for which Federal matching in payments for home repairs is authorized.
- 291 (220) Technical—Date changes to reflect passage of time.

Bill page	Amend- ment No.	Description
SUBPROFESSIONAL STAFF		
292	(221)	Committee amendment—Requires the States to train and use subprofessional staff, especially welfare recipients and others of low income, for programs under the Social Security Act. It also directs the States to use volunteers for the provision of services to recipients and to assist advisory committees. No comparable provision in House bill.
SIMPLICITY OF ADMINISTRATION		
295	(222)	Committee amendment—Provides in all cash assistance titles, effective July 1, 1969 (as now in medicaid, title XIX), a State plan requirement that eligibility for assistance will be determined in a manner consistent with simplicity of administration and the best interest of recipients. No comparable provision in House bill.
RUNAWAY FATHERS		
297	(223)	Committee amendment—State agencies making payments to families with dependent children in which parents desert and fail to make support payments, will have the assistance of the Department of Health, Education, and Welfare, and the Treasury Department in locating the parents. If the runaway parents are located outside the States where their dependent children reside and if they refuse to comply with the court orders for their support, the tax collector is to collect by levy or distraint an amount equal to the court-ordered support payments Federal share of the welfare payments to their families, or whichever is lower. No comparable provision in House bill.
PURCHASE OF WELFARE SERVICES		
306	(224)	Committee amendment—Adds to the House bill provision (see page 232, line 7) for the purchase of welfare services from private agencies for AFDC recipients by permitting the purchase of such services—i.e., homemaker or rehabilitation services—in programs for the aged, blind, and disabled. No comparable provision in House bill.
PUBLIC ASSISTANCE PASS-ALONG		
306	(225)	Committee amendment—Requires States, effective July 1, 1968, to adjust standards of need and maximum payment provisions to

Bill
page
Amend-
ment
No.

Description

guarantee that recipients of old-age assistance, aid to the blind and aid to the disabled will receive, on the average, an increase in total income equal to \$7.50 a month. Provides that the Federal Government will pay (during period July 1, 1968 through June 30, 1970) the extra cost for those States unable to finance the cost of the increase from the savings achieved through larger social security benefits.

Also requires States, by July 1, 1969, to adjust AFDC standards and maximums to reflect changes in cost of living and to make such adjustments at least annually thereafter. No comparable provision in House bill.

Floor amendment by Senator Kuchel—Would exempt States with an automatic cost-of-living provision in effect on June 30, 1966, from the requirement of making increases above the standards in effect on December 31, 1966.

TITLE XIX LIMITATION

310 (226)

Committee amendment—Under the House bill, States would be limited in setting maximum income eligibility levels for Federal matching purposes to the lower of (1) 133⅓ percent of the AFDC payments, or (2) 133⅓ percent of the per capita income in a State applied to a family of four.

The Senate amendment would apply *both* of the following provisions:

(1) Beginning July 1, 1968, the Federal Government would not participate in matching any of the cost of medical assistance to persons whose income exceeds 150 percent of the old-age assistance standards in a given State; *and*

(2) Beginning July 1, 1969, Federal participation will be at the rate of—

(a) The Federal medical assistance percentage (which varies according to State per capita income from 50 percent to 83 percent) with respect to all cash assistance recipients and persons in medical institutions who would be eligible for cash assistance if not in such institutions; *and*

(b) The square of the Federal medical assistance percentage (which gives a result which varies between 25 percent and 69 percent) with respect to the medically needy (subject to the limitation in (1) above).

Bill page	Amend- ment No.	Description
MAINTENANCE OF STATE EFFORT		
316-319	(227-230)	Committee amendment—Would advance the expiration date for the maintenance of State effort provision from July 1, 1969 to July 1, 1968, and change the effective date from January 1, 1966, to July 1, 1966.
BUY-IN		
321	(231)	Technical—Corrects technical defect in House bill.
321	(232)	Technical—Renumbering.
REQUIRED SERVICES—MEDICAID		
323	(233)	Committee amendment—Under current law, States must provide at least five basic services: inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physician's services. States may select a number of other items from an additional list in the law. House bill provided that a State, as an alternative to the basic five items of services, might select any seven of the first 14 services listed in the law. Senate amendment would apply only to the medically indigent and would allow States to select either the first five, or at least seven out of 14, services authorized under present law, except that if nursing home or hospital care services are selected, a State must also provide physician's services in those institutions. The effect of Senate amendment is to continue to provide the five basic services to cash assistance recipients. Subsequent to July 1, 1970, a State would be required to also provide home health services for its assistance recipients who are eligible for skilled nursing home care.
REASONABLE COST FOR NURSING HOMES		
Miller floor amendment—Provides that, effective July 1, 1970, States must reimburse for skilled nursing home care, intermediate care, and home health services on basis of reasonable costs. No comparable provision in House bill.		
FREE CHOICE		
328	(234-235)	Floor amendment by Senator Long of Louisiana—Specifies "community pharmacy" among the providers of services for whom "freedom of choice" is assured to recipients, relates to amendment No. 295.

Bill page	Amend- ment No.	Description
DIRECT BILLING—MEDICAID		
331	(236)	Committee amendment—House bill permits States to make payment directly to the recipient for physicians' services with respect to those medical assistance recipients who are not also receiving cash assistance. Senate amendment would broaden the provision to include dentists as well as physicians and to apply also to those recipients who are receiving cash assistance. The Secretary would establish safeguards to assure that charges by physicians to the recipients are reasonable and to assure the quality of the services.
CHRISTIAN SCIENTISTS		
332	(237)	Committee amendment—Provides under medical assistance (title XIX) and the child health programs (title V), that no provision in such titles would require an individual to undergo medical screening, diagnosis, or treatment where contrary to his religious belief, except in cases involving infection, contagious disease, or environmental health. No comparable provision in House bill.
ESSENTIAL PERSONS		
333	(238)	Committee amendment—Extends medical assistance to certain "essential persons." An "essential person" is defined as the spouse of an aged, blind, or disabled recipient who is living with him, who is essential or necessary to his welfare, and whose needs are taken into account in determining the amount of his cash payment. No comparable provision in House bill.
GAO—HEW AUDIT AUTHORITY		
334	(239)	Committee amendment—Makes clear that auditors of the General Accounting Office and Department of Health, Education, and Welfare are authorized, on a spot check basis or in cases where there is good cause to believe fraud may be present, to review records and examine the premises of providers of services who receive funds under medical assistance programs in which there is Federal financial participation. No comparable provision in House bill.

Bill page	Amend- ment No.	Description
SKILLED NURSING HOME STANDARDS		
339	(240)	<p>Committee amendment—Requires the States to place public assistance recipients only in those nursing homes which are licensed as meeting certain conditions. The conditions include requirements which relate to environment, sanitation, and housekeeping now applicable to extended care facilities under medicare, as well as the fire and safety standards of the Life Safety Code of the National Fire Protection Association (unless the Secretary finds that a State's existing fire code is adequate).</p> <p>The committee amendment also requires the States to have a professional medical audit program under which periodic medical evaluations of the appropriateness of the kind and level of care provided title XIX patients in nursing homes and in mental hospitals are made.</p> <p>Effective July 1, 1970, States which provide skilled nursing home care under medicaid will also have to provide home health care services. No comparable provision in House bill.</p>
HOSPITAL DEDUCTIBLE—MEDICAID		
345	(241)	<p>Committee amendment—Costs of hospital care received by the medically needy may be subject to deductibles or other cost sharing if a State so desires. No comparable provision in House bill.</p>
LICENSING OF NURSING HOME ADMINISTRATORS		
346	(242)	<p>Committee amendment—Requires States to license administrators of nursing homes. Those administrators currently operating homes who do not initially meet the standards for licensure established by a State would have until July 1, 1972, to qualify. States would be required to offer programs of training to assist such administrators to qualify. A nine-member advisory group, appointed by the Secretary prior to July 1, 1968, would study, develop, and advise the Secretary and the States on matters relating to the qualifications, training, and other areas related to a proper program of licensure. (The advisory group would terminate as of December 31, 1971.) No comparable provision in House bill.</p>

Bill page	Amend- ment No.	Description
MEDICAL SAFEGUARD		
353	(243)	Floor amendment by Senator Ribicoff—Requires States to establish and employ procedures designed to safeguard against unnecessary utilization of health services under medicaid. No comparable provision in House bill.
SHELTER COSTS—MEDICAID		
353	(244)	Floor amendment by Senator Kennedy of New York—Permits States to vary income standards to take into account variations between rural and urban shelter costs. No comparable provision in House bill.
CHILD WELFARE SERVICES		
355	(245-246)	Committee amendment—House bill increased child welfare authorizations from \$55 million for fiscal year 1969 to \$100 million, and from \$60 million for later years to \$110 million. Committee amendment would further increase these authorizations to \$125 million and \$160 million respectively.
356 and 358	(247-248)	Committee amendment—Adds a State plan requirement to the child welfare day-care provisions for development of arrangements for the more effective involvement of parents. Also, the day-care standards in the child welfare services programs will be made applicable to day care provided to AFDC children. No comparable provision in House bill.
359	(249)	Committee amendment—Provides for use of subprofessional staff people in child welfare programs, conforming with amendment No. 221. No comparable provision in House bill.
365	(250-251)	Committee amendment—Modifies House amendment so that local agencies administering State plan need not have a single organizational unit to administer child welfare and AFDC services, conforming with amendments 154 and 155.
366	(252-253)	Committee amendment—Would exempt from single State organizational unit requirement any State which on the enactment date has an agency administering child welfare services which is different from the single State agency administering AFDC (Kentucky and Illinois), conforming with amendment 167.

Bill page	Amend- ment No.	Description
DEMONSTRATION PROJECTS		
372	(254)	Committee amendment—Provides a specific authorization for cooperative research and demonstration grant programs for purposes related to the Social Security programs. (This amendment would not increase the funds available for these research programs.) No comparable provision in House bill.
373	(255)	Committee amendment—Provides for \$10 million a year to encourage the States to develop demonstrations in improved methods of providing service to recipients or in improved methods of administration. House-approved bill increased this amount to \$4 million annually. Two million dollars annually is currently available.
375	(256)	Technical—Renumbering and relettering, conforming to work incentive program established under amendment 198.

WELFARE ASSISTANCE STUDY

378	(257)	Committee amendment—Directs the Secretary to study and report to the Congress, by July 1, 1969, the extent to which staff of welfare agencies are serving the needs of assistance recipients in securing the full benefits and protection of local, State, and Federal laws relating to health, housing, and related laws and the degree to which assistance recipients are helped to take advantage of the public welfare and other related programs in the community. No comparable provision in House bill.
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INTERMEDIATE CARE FACILITIES

379	(258)	Committee amendment—Authorizes vendor payments for persons who qualify for OAA, AB, or APTD, who are living in facilities which provide more than room and board but less service than skilled nursing homes. Federal sharing for payments for care in those institutions would be at the same rate as for medical assistance under title XIX. Such homes would have to meet standards of safety and sanitation comparable to those required for nursing homes in a given State. No comparable provision in House bill.
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Bill
page Amend-
 ment
 No.

Description

TITLE III—CHILD HEALTH

APPROPRIATIONS

- 382-384 (259-263) Committee amendment—The House-approved bill combined existing authorizations for maternal and child health for totals of \$250,000,000 for fiscal year 1969, \$275,000,000 for fiscal year 1970, \$300,000,000 for fiscal year 1971, \$325,000,000 for fiscal year 1972, and \$350,000,000 for later years. These figures would be increased by \$30,000,000 in 1970 and \$60,000,000 for later years, with an eventual 20 percent of all maternal and child health funds earmarked for family planning purposes.
- 388 (264) Floor amendment by Senator Miller—Conforming with amendment No. 233 with respect to reasonable costs for nursing homes.

OPTOMETRISTS

- 390 (264a,
265-266) Committee amendment—Assures persons receiving services under child health programs freedom to utilize the services of optometrists when appropriate.

VOLUNTARY FAMILY PLANNING

- 395 (267) Floor amendment by Senator Tydings—Language added to clarify that the acceptance of family planning services would be voluntary and not a requisite for the receipt of assistance. Conforms with similar provision in the AFDC program.

HEALTH PERSONNEL TRAINING

- 399 (268) Committee amendment—Amends child health training provisions so that "special attention" rather than "priority" shall be given to undergraduate training.

CHRISTIAN SCIENTISTS

- 401 (269-270) Committee amendment—Conforms with amendment No. 237.

SUBPROFESSIONAL STAFF

- 403 (271) Committee amendment—Conforms with amendment No. 221.

CRIPPLED CHILDREN'S PROGRAM

- 403 (272) Committee amendment—Requires that the Children's Bureau administer the crippled children's program. Under a recent HEW reorganization this program would be administered by the rehabilitation administration. No comparable provision in House bill.

Bill page	Amend- ment No.	Description
REPORT SUBMISSION DATE		
404	(273)	Floor amendment by Senator Ribicoff—Extends for 1 year time for submitting report of Joint Commission on Mental Health of Children.
404	(274)	Technical—Renumbering.

TITLE IV—GENERAL PROVISIONS

REIMBURSEMENT EXPERIMENTATION—HEALTH PROGRAMS

- 406-407 (275-281) Committee amendment—Modifies House provision which authorizes the Secretary to experiment on a voluntary basis with various methods of reimbursement to organizations and institutions participating under medicare, medicaid, and the child health programs which would provide incentives for limiting costs of the program while maintaining quality care. Under the Senate bill, the authorization would also cover similar experiments with respect to physicians' services.

FAMILY AND CHILD ALLOWANCE STUDY

- 412 (282) Floor amendment by Senator Kennedy of Massachusetts—Requires Secretary of Labor to study and report to the President and the Congress on various proposals for family and child allowances. No comparable provision in House bill.

TITLE V—MISCELLANEOUS PROVISIONS

- 413 (283) Technical—Identifies new title.

MEDICAL EXPENSE DEDUCTION

- 413 (284) Floor amendment by Senator Smathers—Restores pre-1967 full deduction for medical expenses for persons aged 65 and over. Committee had provided the deduction but only if the persons aged 65 and over elected to forgo their rights to all medicare benefits. No comparable provision in House bill.

HOSPITAL JOINT ENTERPRISES

- 415 (285) Committee amendment—Extends tax-exempt status to a joint enterprise organized and operated on a cooperative basis by tax-exempt or governmentally owned hospitals to perform joint services

Bill page	Amend- ment No.	Description
415	(285)	solely for them. No comparable provision in House bill.
AMISH		
417	(286)	Committee amendment—Permits members of a religious sect opposed to social insurance additional time to file applications for exemption from the self-employment tax. No comparable provision in House bill.
FISHING BOATS AND TRUCKERS		
419	(287)	Committee amendment—Fixes rules under which a trucker or owner of a fishing vessel would usually be treated as the employer of truckloaders and unloaders and certain commercial fishermen for employment tax purposes. No comparable provision in House bill.
HOSPITAL INSURANCE TAX REFUNDS		
425	(288)	Committee amendment—Entitles persons employed under social security and railroad retirement programs who pay hospital insurance contributions under both programs on earnings in excess of the taxable wage base to a refund of the excess contributions. No comparable provision in House bill.
BLUE CROSS AND BLUE SHIELD		
427	(289)	Committee amendment—Authorizes the Treasury Department upon the request of two or more tax-exempt organizations each of which are provided with services by the employees of one, to designate which organization is to be considered the employer for purposes of employment taxes and pension plans. No comparable provision in House bill.
REPATRIATED AMERICANS		
428	(290)	Committee amendment—Extends to July 1, 1969, provision of present law providing aid to repatriated Americans. No comparable provision in House bill.
VETERANS		
428	(291)	Floor amendment by Senator Prouty—Provides that for purposes of determining entitlement to a benefit under veterans' law, any increase in social security benefits as a result of the 1967 amendments will not be counted as income. No comparable provision in House bill.

Bill page	Amend- ment No.	Description
INTEREST RATES—SAVINGS BONDS		
429	(292)	Floor amendment by Senator Williams of Delaware—Removes ceiling on interest paid on Series E Government savings bonds. No comparable provision in House bill.
FOSTER CARE		
430	(293)	Floor amendment by Senator Williams of New Jersey—Provides variable Federal matching for foster care up to \$50, for non-AFDC cases. No comparable provision in House bill.
EMPLOYMENT TAX—RETIREMENT PLANS		
442	(294)	Floor amendment by Senator Bennett—Excludes from definition of wages subject to employment taxes certain payments under plans established by the employer and made to the employee or his dependent upon retirement, death, or disability. No comparable provision in House bill.
DRUG QUALITY AND COSTS—WELFARE AND MEDICARE		
444	(295)	<p>Floor amendment by Senator Long of Louisiana—Provides, through use of a formulary committee, for determining those drugs appropriate for Federal payment or matching under the public assistance and medicare programs. The amendment includes provisions establishing mechanisms for assuring drug quality and determining reasonable reimbursement.</p> <p>Federal matching would be limited (effective July 1, 1970) to the range of wholesale prices charged for a representative and generally available selection of different manufacturer's products of a drug included in the formulary. The top of such range would be the amount allowable toward the cost of higher priced products of the same drug.</p> <p>The limitation would not apply with respect to (1) hospitals using approved formulary systems; (2) prescriptions hand written by a physician for a particular drug product prescribed by its generic name plus the name of the manufacturer; (3) sole source drugs (included in the formulary); and (4) drug products which have distinct demonstrated therapeutic advantages over other standard products of the same drug. No comparable provision in House bill.</p>

COSTS

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Estimated additional OASDI benefit payments in calendar years 1968, 1969, and 1972 under House bill

[In millions]

Item	1968	1969	1972
General benefit increase	\$2,117	\$2,948	\$3,328
Benefit increase for transitional insured	5	7	5
Benefit increase for transitional noninsured	39	43	25
Liberalized benefits with respect to women workers	64	89	100
Special disability insured status under age 31	53	72	77
Disabled widow's benefits at age 50	45	63	72
Earnings test liberalization	140	221	244
Total	2,463	3,443	3,851

NOTE.—It is assumed that the general benefit increase and all other changes except the earnings test liberalization are effective for March 1968 (with 1st payment in next month).

Estimated additional OASDI benefit payments in calendar years 1968, 1969, and 1972 under Senate Finance Committee bill

[In millions]

Item	1968	1969	1972
General benefit increase ¹	\$3,057	\$4,245	\$4,789
Benefit increase for transitional insured ¹	16	20	15
Benefit increase for transitional noninsured ¹	140	156	89
Liberalized benefits with respect to women workers ¹	67	92	103
Special disability insured status under age 31 ¹	55	74	79
Disabled widow's benefits ¹	62	90	103
Earnings test liberalization	140	450	691
Reduction of minimum eligibility age from 62 to 60 ²		555	522
Special benefits for blind persons ²		165	210
Child disability benefits for those disabled at ages 18 to 21 ¹	6	8	10
Total	3,543	5,855	6,611

¹ Effective for March 1968 (1st payment in next month).

² Effective for December 1968 (1st payment in next month).

Estimated additional OASDI benefit payments in calendar years 1968, 1969, and 1972 under Senate bill

[In millions]

Item	1968	1969	1972
General benefit increase ¹	\$3,057	\$4,245	\$4,789
Benefit increase for transitional insured ¹	16	20	15
Benefit increase for transitional noninsured ¹	140	156	89
Liberalized benefits with respect to women workers ¹	67	92	103
Special disability insured status under age 31 ¹	55	74	79
Disabled widow's benefits ¹	93	135	155
Earnings test liberalization	770	1,215	1,341
Reduction of minimum eligibility age from 62 to 60 ²		555	522
Special benefits for blind persons ²		182	231
Child disability benefits for those disabled at ages 18 to 21 ¹	6	8	10
Mother's and wife's benefits for children in high school ³	29	42	55
Elimination of new definition of disability ⁴	70	129	291
Total	4,303	6,853	7,680

¹ Effective for March 1968 (1st payment in next month).

² Effective for December 1968 (1st payment in next month).

³ Effective for 2d month after month of enactment (1st payment in next month).

⁴ The cost of the elimination of the new special definition of disability for widow's (and widower's) benefits is included in the figure for disabled widow's benefits, above.

Changes in actuarial balance of old-age, survivors, and disability insurance system, expressed in terms of estimated level cost as percentage of taxable payroll, by type of change, moving from present law to Senate bill, based on 3.75 percent interest

[In percent]

Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of present system.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+ .21	+ .02	+ .23
Earnings test liberalization.....	-.06	(¹)	-.06
Disabled widow's benefits at age 50.....	-.03	(²)	-.03
Special disability insured status at age 31.....	(²)	-.02	-.02
Liberalized benefits with respect to women workers.....	-.07	(¹)	-.07
Benefit formula change.....	-.89	-.10	-.99
Revised contribution schedule.....	-.01	+ .25	+ .24
Actuarial balance under House bill.....	+ .04	.00	+ .04
Further increase in earnings base.....	+ .27	+ .02	+ .29
Further liberalization of earnings test.....	-.11	(¹)	-.11
Liberalization of disabled widow's benefits.....	-.03	(²)	-.03
Special benefits for blind persons.....	(²)	-.05	-.05
Reduction of minimum eligibility age from 62 to 60.....	(¹)	(¹)	(¹)
Liberalization of benefit formula change.....	-.33	-.02	-.35
Further revision of contribution schedule.....	+ .11	.00	+ .11
Actuarial balance under Senate Finance Committee bill.....	-.05	-.05	-.10
Further liberalization of earnings test.....	-.17	(¹)	-.17
Liberalization of special benefits for blind persons.....	(²)	-.01	-.01
Mother's and wife's benefits for children in high school.....	-.01	(¹)	-.01
Elimination of new definition of disability.....	-.03	-.10	-.13
Actuarial balance under senate bill.....	-.26	-.16	-.42

¹ Less than 0.005 percent.

² Not applicable in this program.

HOSPITAL INSURANCE

Level-cost analysis for hospital insurance trust fund under various versions of bill

[In percent of taxable payroll]

Bill	Level cost of benefits ¹	Level equivalent of contributions	Actuarial balance
Present law, original estimate.....	1.23	1.23	0
Present law, revised estimate.....	1.54	1.23	-.31
House bill.....	1.41	1.41	0
Senate Finance Committee bill.....	1.23	1.34	+ .11
Senate bill.....	1.30	1.34	+ .04

¹ Including administrative expenses.

Changes in actuarial balance of hospital insurance system, expressed in terms of estimated level cost as percent of taxable payroll, by type of change, intermediate-cost estimate, present law and bill, based on 3.75 percent interest

[In percent]

Item	House bill	Senate Finance Committee bill	Senate bill
Actuarial balance of present system.....	-0.31	-0.31	-0.31
Increase in taxable earnings base.....	+ .12	+ .31	+ .31
Revised contribution schedule.....	+ .18	+ .11	+ .11
Transfer of outpatient diagnostic benefits to SMI.....	+ .01	+ .01	+ .01
Further hospital benefits beyond 90 days.....	(¹)	-.01	-.01
Modified reimbursement basis.....	(²)	(²)	-.07
Total effect of changes in bill.....	+ .31	+ .42	+ .35
Actuarial balance under bill.....	0	+ .11	+ .04

¹ Less than 0.005 percent.

² Not contained in this version of bill.

**OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—
HOSPITAL INSURANCE BENEFIT OUTGO-CONTRIBUTION INCOME**

[In billions]

Basis	Contribution income	Benefit outgo	Excess of contributions over benefits
Calendar year 1968:			
Present law.....	\$29.6	\$25.5	\$4.1
House bill:			
If effective for all 12 months.....	30.8	28.7	2.1
If effective for last 9 months only ¹	30.8	27.9	2.9
Senate Finance Committee bill.....	31.2	29.0	2.2
Senate bill.....	31.2	29.9	1.3
Calendar year 1969:			
Present law.....	33.7	26.9	6.8
House bill.....	34.9	30.3	4.6
Senate Finance Committee bill.....	36.3	32.7	3.6
Senate bill.....	36.3	34.0	2.3

¹ So that benefit increase would be effective for March (as in the Senate Finance Committee bill and Senate bill).

SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Item	Cost
Changes made by House bill:	
Nonprofessional component of outpatient diagnostic services.....	\$0.12
Elimination of cost-sharing for inpatient pathology and radiology.....	.20
Total, House bill.....	.32
Additional changes made by Senate Finance Committee bill:	
Chiropractor services.....	.20
Extending coverage of physical therapy services benefits.....	.05
Total, Senate Finance Committee bill.....	.57

The cost of covering the services of clinical psychologists (even though without referral of a physician and not billed through a physician)—as added by the Senate bill—is estimated at \$0.01 per month per capita or less (taking into account that the same special cost-sharing and maximum-benefit provisions would be applicable as relate to services of psychiatrists). The cost of covering certain limited services furnished by podiatrists (as provided under all three versions of the bill) and by optometrists (as provided under the Senate Finance Committee and Senate versions) would similarly be very small.

The total cost of \$0.57 per month per capita relative to the current \$6 monthly premium rate will probably be increased to about \$0.71 when the likely increase in the standard premium rate for the period after March 1968 is taken into account. This total cost of \$0.71 per month per capita is equivalent to an annual cost of \$153 million with respect to 18 million participants (half of which cost comes from the general fund of the Treasury).

[In millions of dollars]

40

Increases in the bill:

MEDICAL EXPENSE DEDUCTION

The Medical expense deduction would decrease income tax collections by \$210 million in each of the next 5 years.

VETERANS

Excluding the social security benefit increases from veterans' incomes would increase veterans' benefit payments by \$90 million in 1968.

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SOCIAL SECURITY AMENDMENTS OF 1967

DECEMBER 11, 1967.—Ordered to be printed

Mr. MILLS, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 12080]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 16, 17, 18, 19, 20, 21, 22, 23, 24, 28, 29, 31, 32, 33, 34, 36, 38, 40, 42, 43, 62, 84, 85, 86, 89, 93, 94, 95, 110, 111, 112, 113, 114, 119, 142, 144, 154, 155, 170, 171, 172, 175, 176, 177, 178, 179, 181, 182, 183, 185, 189, 192, 197, 200, 207, 216, 222, 239, 245, 246, 250, 251, 254, 255, 257, 259, 260, 261, 262, 264, 272, 284, 285, 287, 289, 291, 292, 293, and 295.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 44, 45, 46, 47, 48, 49, 56, 57, 58, 59, 60, 61, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 75, 76, 78, 79, 81, 82, 83, 101, 102, 104, 106, 108, 115, 117, 118, 130, 131, 133, 147, 148, 149, 150, 151, 152, 153, 156, 159, 160, 161, 162, 163, 164, 165, 166, 168, 169, 173, 174, 187, 188, 193, 194, 195, 196, 199, 201, 202, 203, 204, 205, 206, 208, 209, 210, 211, 212, 215, 217, 218, 219, 220, 227, 228, 229, 230, 232, 234, 235, 237, 238, 247, 248, 249, 252, 256, 264a, 265, 267, 268, 269, 270, 271, 274, 277, 278, 279, 280, 281, and 283, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TABLE OF CONTENTS

TITLE I—OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

PART 1—BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

- Sec. 101. Increase in old-age, survivors, and disability insurance benefits.*
- Sec. 102. Increase in benefits for certain individuals age 72 and over.*
- Sec. 103. Maximum amount of a wife's or husband's insurance benefit.*
- Sec. 104. Benefits to disabled widows and widowers.*
- Sec. 105. Insured status for younger disabled workers.*
- Sec. 106. Benefits in case of members of the uniformed services.*
- Sec. 107. Liberalization of earnings test.*
- Sec. 108. Increase of earnings counted for benefit and tax purposes.*
- Sec. 109. Changes in tax schedules.*
- Sec. 110. Allocation to disability insurance trust fund.*
- Sec. 111. Extension of time for filing application for disability freeze where failure to make timely application is due to incompetency.*
- Sec. 112. Benefits for certain adopted children.*

PART 2—COVERAGE UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

- Sec. 115. Coverage of ministers.*
- Sec. 116. Coverage of State and local employees.*
- Sec. 117. Inclusion of Illinois among States permitted to divide their retirement systems.*
- Sec. 118. Taxation of certain earnings of retired partner.*
- Sec. 119. Inclusion of Puerto Rico among States permitted to include firemen and policemen; validation of certain past coverage in the State of Nebraska.*
- Sec. 120. Coverage of firemen's positions pursuant to a State agreement.*
- Sec. 121. Validation of coverage erroneously reported.*
- Sec. 122. Coverage of fees of State and local government employees as self-employment income.*
- Sec. 123. Family employment in a private home.*
- Sec. 124. Termination of coverage of employees of the Massachusetts Turnpike Authority.*

PART 3—HEALTH INSURANCE BENEFITS

- Sec. 125. Method of payment to physicians under supplementary medical insurance program.*
- Sec. 126. Elimination of requirement of physician certification in case of certain hospital services.*
- Sec. 127. Inclusion of podiatrists' services under supplementary medical insurance program.*
- Sec. 128. Exclusion of certain services.*
- Sec. 129. Transfer of all outpatient hospital services to supplementary medical insurance program.*
- Sec. 130. Billing by hospital for services furnished to outpatients.*
- Sec. 131. Payment of reasonable charges for radiological or pathological services furnished by certain physicians to hospital inpatients.*
- Sec. 132. Payment for purchase of durable medical equipment.*
- Sec. 133. Payment for physical therapy services furnished to outpatients.*
- Sec. 134. Payment for certain portable X-ray services.*
- Sec. 135. Blood deductibles.*
- Sec. 136. Enrollment under supplementary medical insurance program based on alleged date of attaining age 65.*
- Sec. 137. Extension by 60 days during individual's lifetime of maximum duration of benefits for inpatient hospital services.*
- Sec. 138. Limitation on special reduction in allowable days of inpatient hospital services.*

- Sec. 139. Transitional provision on eligibility of presently uninsured individuals for hospital insurance benefits.*
- Sec. 140. Advisory Council to study coverage of the disabled under title XVIII of the Social Security Act.*
- Sec. 141. Study to determine feasibility of inclusion of certain additional services under part B of title XVIII of the Social Security Act.*
- Sec. 142. Provisions for benefits under part A of title XVIII of the Social Security Act for services to patients admitted prior to 1968 to certain hospitals.*
- Sec. 143. Payments for emergency hospital services.*
- Sec. 144. Payment under supplementary medical insurance program for certain inpatient ancillary services.*
- Sec. 145. General enrollment period under title XVIII.*
- Sec. 146. Elimination of special reduction in allowable days of inpatient hospital services for patients in tuberculosis hospitals.*

PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS

- Sec. 150. Eligibility of adopted child for monthly benefits.*
- Sec. 151. Criteria for determining child's dependency on mother.*
- Sec. 152. Recovery of overpayments.*
- Sec. 153. Benefits paid on basis of erroneous reports of death in military service.*
- Sec. 154. Underpayments.*
- Sec. 155. Simplification of computation of primary insurance amount and quarters of coverage in case of 1937-1950 wages.*
- Sec. 156. Definitions of widow, widower, and stepchild.*
- Sec. 157. Husband's and widower's insurance benefits without requirement of wife's currently insured status.*
- Sec. 158. Definition of disability.*
- Sec. 159. Disability benefits affected by receipt of workmen's compensation.*
- Sec. 160. Extension of time for filing reports of earnings.*
- Sec. 161. Penalties for failure to file timely reports of earnings and other events.*
- Sec. 162. Limitation on payment of benefits to aliens outside the United States.*
- Sec. 163. Benefits for certain children.*
- Sec. 164. Transfer to Health Insurance Benefits Advisory Council of National Medical Review Committee functions; increase in Council's membership.*
- Sec. 165. Advisory Council on Social Security.*
- Sec. 166. Reimbursement of civil service retirement annuitants for certain premium payments under supplementary medical insurance program.*
- Sec. 167. Appropriations to supplementary medical insurance trust fund.*
- Sec. 168. Disclosure to courts of whereabouts of certain individuals.*
- Sec. 169. Reports of boards of trustees to Congress.*
- Sec. 170. General saving provision.*
- Sec. 171. Expedited benefit payments.*
- Sec. 172. Definition of blindness.*
- Sec. 173. Attorneys fees for claimants.*

TITLE II—PUBLIC WELFARE AMENDMENTS

PART 1—PUBLIC ASSISTANCE AMENDMENTS

- Sec. 201. Programs of services furnished to families with dependent children.*
- Sec. 202. Earnings exemption for recipients of aid to families with dependent children.*
- Sec. 203. Dependent children of unemployed fathers.*
- Sec. 204. Work incentive program for recipients of aid under part A of title IV.*
- Sec. 205. Federal participation in payments for foster care of certain dependent children.*
- Sec. 206. Emergency assistance for certain needy families with children.*
- Sec. 207. Protective payments and vendor payments with respect to dependent children.*
- Sec. 208. Limitation on number of children with respect to whom Federal payments may be made.*
- Sec. 209. Federal participation in payments for repairs to home owned by recipient of aid or assistance.*
- Sec. 210. Use of subprofessional staff and volunteers in providing services to individuals applying for and receiving assistance.*
- Sec. 211. Location of certain parents who desert or abandon dependent children.*
- Sec. 212. Provision of services by others than a State.*
- Sec. 213. Authority to disregard additional income of recipients of public assistance.*

PART 2—MEDICAL ASSISTANCE AMENDMENTS

- Sec. 220. Limitation on Federal participation in medical assistance.*
- Sec. 221. Maintenance of State effort.*
- Sec. 222. Coordination of title XIX and the supplementary medical insurance program.*
- Sec. 223. Modification of comparability provisions.*
- Sec. 224. Required services under State medical assistance plan.*
- Sec. 225. Extent of Federal financial participation in certain administrative expenses.*
- Sec. 226. Advisory council on medical assistance.*
- Sec. 227. Free choice by individuals eligible for medical assistance.*
- Sec. 228. Utilization of State facilities to provide consultative services to institutions furnishing medical care.*
- Sec. 229. Payments for services and care by a third party.*
- Sec. 230. Direct payments to certain recipients of medical assistance.*
- Sec. 231. Date on which State plans under title XIX must meet certain financial participation requirements.*
- Sec. 232. Observance of religious beliefs.*
- Sec. 233. Coverage under title XIX of certain spouses of individuals receiving cash welfare aid or assistance.*
- Sec. 234. Standards for skilled nursing homes furnishing services under State plans approved under title XIX.*
- Sec. 235. Cost sharing and similar charges with respect to inpatient hospital services furnished under title XIX.*
- Sec. 236. State plan requirements regarding licensing of administrators of skilled nursing homes furnishing services under State plans approved under title XIX.*
- Sec. 237. Utilization of care and services furnished under title XIX.*
- Sec. 238. Differences in standards with respect to income eligibility under title XIX.*

PART 3—CHILD-WELFARE SERVICES AMENDMENTS

- Sec. 240. Inclusion of child-welfare services in title IV.*
- Sec. 241. Conforming amendments.*

PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS

- Sec. 245. Partial payments to States.*
- Sec. 246. Contracts for cooperative research or demonstration projects.*
- Sec. 247. Permanent authority to support demonstration projects.*
- Sec. 248. Special provisions relating to Puerto Rico, the Virgin Islands, and Guam.*
- Sec. 249. Approval of certain projects.*
- Sec. 250. Assistance in the form of institutional services in intermediate care facilities.*

TITLE III—IMPROVEMENT OF CHILD HEALTH

- Sec. 301. Consolidation of separate programs under title V of the Social Security Act.*
- Sec. 302. Conforming amendments.*
- Sec. 303. 1968 authorization for maternity and infant care projects.*
- Sec. 304. Use of subprofessional staff and volunteers.*
- Sec. 305. Extension of due date for child mental health report.*
- Sec. 306. Short title.*

TITLE IV—GENERAL PROVISIONS

- Sec. 401. Social work manpower and training.*
- Sec. 402. Incentives for economy while maintaining or improving quality in the provision of health services.*
- Sec. 403. Changes to reflect codification of title 5, United States Code.*
- Sec. 404. Meaning of Secretary.*
- Sec. 405. Study of retirement test and of drug standards and coverage.*

TITLE V—MISCELLANEOUS PROVISIONS

- Sec. 501. Extension of period for filing application for exemption by members of religious groups opposed to insurance.*
- Sec. 502. Refund of certain overpayments by employees of hospital insurance tax.*
- Sec. 503. Extension of time to provide assistance for United States citizens returned from foreign countries.*

Sec. 504. Exclusion from definition of wages of certain retirement, etc., payments under employer-established plans.

And the Senate agree to the same.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
-----	\$15.60	\$48.00 or less	-----	\$74	\$55.00	\$82.50
\$15.61	16.20	49.00	\$75	76	55.40	83.10
16.21	16.84	50.00	77	78	56.50	84.80
16.85	17.60	51.00	79	80	57.70	86.60
17.61	18.40	52.00	81	81	58.80	88.20
18.41	19.24	53.00	82	83	59.90	89.90
19.25	20.00	54.00	84	85	61.10	91.70
20.01	20.64	55.00	86	87	62.20	93.30
20.65	21.28	56.00	88	89	63.30	95.00
21.29	21.88	57.00	90	90	64.50	96.80
21.89	22.28	58.00	91	92	65.60	98.40
22.29	22.68	59.00	93	94	66.70	100.10
22.69	23.08	60.00	95	96	67.80	101.70
23.09	23.44	61.00	97	97	69.00	103.50
23.45	23.76	62.10	98	99	70.20	105.30
23.77	24.20	63.20	100	101	71.50	107.30
24.21	24.60	64.20	102	102	72.60	108.90
24.61	25.00	65.30	103	104	73.80	110.70
25.01	25.48	66.40	105	106	75.10	112.70
25.49	25.92	67.60	107	107	76.30	114.50
25.93	26.40	68.60	108	109	77.50	116.30
26.41	26.94	69.60	110	113	78.70	118.10
26.95	27.46	70.70	114	118	79.90	119.90
27.47	28.00	71.70	119	122	81.10	121.70
28.01	28.68	72.80	123	127	82.30	123.50
28.69	29.26	73.90	128	132	83.60	125.40
29.26	29.68	74.90	133	136	84.70	127.10
29.69	30.36	76.00	137	141	85.90	128.90
30.37	30.92	77.10	142	146	87.20	130.80
30.93	31.36	78.20	147	150	88.40	132.60
31.37	32.00	79.20	151	155	89.50	134.30
32.01	32.60	80.30	156	160	90.80	136.20
32.61	33.20	81.40	161	164	92.00	138.00
33.21	33.88	82.40	165	169	93.20	139.80
33.89	34.60	83.50	170	174	94.40	141.60
34.61	35.00	84.60	175	178	95.60	143.40
35.01	35.80	85.60	179	183	96.80	146.40
35.81	36.40	86.70	184	188	98.00	150.40
36.41	37.08	87.80	189	193	99.30	154.40
37.09	37.60	88.90	194	197	100.50	157.60
37.61	38.20	89.90	198	202	101.60	161.60
38.21	39.12	91.00	203	207	102.90	165.60
39.13	39.68	92.10	208	211	104.10	168.80
39.69	40.33	93.10	212	216	105.20	172.80
40.34	41.12	94.20	217	221	106.50	176.80
41.13	41.76	95.30	222	225	107.70	180.00
42.44	42.44	96.30	226	230	108.90	184.00
42.45	43.20	97.40	231	235	110.10	188.00

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1935 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
\$43.21	\$43.76	\$98.50	\$236	\$239	\$111.40	\$191.20
43.77	44.44	99.60	240	244	112.60	195.20
44.45	44.88	100.60	245	249	113.70	199.20
44.89	45.60	101.70	250	253	115.00	202.40
		102.80	254	258	116.20	206.40
		103.80	259	263	117.30	210.40
		104.90	264	267	118.60	213.60
		106.00	268	272	119.80	217.60
		107.00	273	277	121.00	221.60
		108.10	278	281	122.20	224.80
		109.20	282	286	123.40	228.80
		110.30	287	291	124.70	232.80
		111.30	292	295	125.80	236.00
		112.40	296	300	127.10	240.00
		113.50	301	305	128.30	244.00
		114.50	306	309	129.40	247.20
		115.60	310	314	130.70	251.20
		116.70	315	319	131.90	255.20
		117.70	320	323	133.00	258.40
		118.80	324	328	134.30	262.40
		119.90	329	333	135.50	266.40
		121.00	334	337	136.80	269.60
		122.00	338	342	137.90	273.60
		123.10	343	347	139.10	277.60
		124.20	348	351	140.40	280.80
		125.20	352	356	141.50	284.80
		126.30	357	361	142.80	288.80
		127.40	362	365	144.00	292.00
		128.40	366	370	145.10	296.00
		129.50	371	375	146.40	300.00
		130.60	376	379	147.60	303.20
		131.70	380	384	148.90	307.20
		132.70	385	389	150.00	311.20
		133.80	390	393	151.20	314.40
		134.90	394	398	152.50	318.40
		135.90	399	403	153.60	322.40
		137.00	404	407	154.90	325.60
		138.00	408	412	156.00	329.60
		139.00	413	417	157.10	333.60
		140.00	418	421	158.20	336.80
		141.00	422	426	159.40	340.80
		142.00	427	431	160.50	344.80
		143.00	432	436	161.60	348.80
		144.00	437	440	162.80	350.40
		145.00	441	445	163.90	352.40
		146.00	446	450	165.00	354.40
		147.00	451	454	166.20	356.00
		148.00	455	459	167.30	358.00
		149.00	460	464	168.40	360.00
		150.00	465	468	169.50	361.60
		151.00	469	473	170.70	363.60
		152.00	474	478	171.80	365.60
		153.00	479	482	172.90	367.20
		154.00	483	487	174.10	369.20
		155.00	488	492	175.20	371.20
		156.00	493	496	176.30	372.80
		157.00	497	501	177.50	374.80
		158.00	502	506	178.60	376.80
		159.00	507	510	179.70	378.40
		160.00	511	515	180.80	380.40
		161.00	516	520	182.00	382.40
		162.00	521	524	183.10	384.00
		163.00	525	529	184.20	386.00
		164.00	530	534	185.40	388.00
		165.00	535	538	186.50	389.60
		166.00	539	543	187.60	391.60

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		\$167.00 168.00	\$544 549 554 557 561 564 568 571 575 578 582 585 589 592 596 599 603 606 610 613 617 621 624 628 631 635 638 642 645 649	\$548 553 556 560 563 567 570 574 577 581 584 588 591 595 598 602 605 609 612 616 620 623 627 630 634 637 641 644 648 650	\$188.80 189.90 191.00 192.00 193.00 194.00 195.00 196.00 197.00 198.00 199.00 200.00 201.00 202.00 203.00 204.00 205.00 206.00 207.00 208.00 209.00 210.00 211.00 212.00 213.00 214.00 215.00 216.00 217.00 218.00	\$393.60 395.60 396.80 398.40 399.60 401.20 402.40 404.00 405.20 406.80 408.00 409.60 410.80 412.40 413.60 415.20 416.40 418.00 419.20 420.80 422.40 423.60 425.20 426.40 428.00 429.20 430.80 432.00 433.60 434.40'

And the Senate agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *the month of February 1968*; and the Senate agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *February 1968, for each such person for February 1968, ;* and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *113*; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *the month of February 1968*, ; and the Senate agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *February 1968*, ; and the Senate agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *entitled, after January 1968*, ; and the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *after January 1968*; and the Senate agree to the same.

Amendment numbered 11:

That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *month of February 1968, or who died before such month*; and the Senate agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968*; and the Senate agree to the same.

Amendment numbered 13:

That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *after January 1968*; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *of January 1968*; and the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *month of February 1968, or who died in such month*; and the Senate agree to the same.

Amendment numbered 25:

That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968*; and the Senate agree to the same.

Amendment numbered 26:

That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968*; and the Senate agree to the same.

Amendment numbered 27:

That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with amendments as follow:

Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 26, lines 8 and 9, of the House engrossed bill, strike out "the second month following the month in which this Act is enacted" and insert the following: *the month of February 1968*; and the Senate agree to the same.

Amendment numbered 30:

That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968,*; and the Senate agree to the same.

Amendment numbered 35:

That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 29, line 18, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 30, line 5, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 30, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 30, line 13, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 30, line 19, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 31, line 5, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 31, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 31, line 12, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 31, line 17, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 31, line 25, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 32, line 3, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

On page 32, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: \$7,800

And the Senate agree to the same.

Amendment numbered 37:

That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 33, line 5, of the House engrossed bill, strike out "1966" and insert the following: 1967

On page 33, line 6, of the House engrossed bill, strike out "5.9" and insert the following: 5.8

On page 34, line 4, of the House engrossed bill, strike out "years 1967 and 1968, the rate shall be 3.9" and insert the following: *year 1968, the rate shall be 3.8*

On page 34, line 19, of the House engrossed bill, strike out "years 1967 and 1968, the rate shall be 3.9" and insert the following: *year 1968, the rate shall be 3.8*

On page 35 of the House engrossed bill, strike out lines 9 through 16 and insert the following:

(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1973, the tax shall be equal to 0.60 percent of the amount of the self-employment income for such taxable year;

On page 35, line 17, of the House engrossed bill, strike out "(3)" and insert the following: (2)

On page 35, line 21, of the House engrossed bill, strike out "(4)" and insert the following: (3)

On page 36, line 1, of the House engrossed bill, strike out "(5)" and insert the following: (4)

On page 36, line 5, of the House engrossed bill, strike out "(6)" and insert the following: (5)

On page 36 of the House engrossed bill, strike out lines 13 through 18 and insert the following:

(1) with respect to wages received during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;

On page 36, line 19, of the House engrossed bill, strike out "(3)" and insert the following: (2)

On page 36, line 22, of the House engrossed bill, strike out "(4)" and insert the following: (3)

On page 36, line 25, of the House engrossed bill, strike out "(5)" and insert the following: (4)

On page 37, line 3, of the House engrossed bill, strike out "(6)" and insert the following: (5)

On page 37 of the House engrossed bill, strike out lines 9 through 14 and insert the following:

(1) with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;

On page 37, line 15, of the House engrossed bill, strike out "(3)" and insert the following: (2)

On page 37, line 18, of the House engrossed bill, strike out "(4)" and insert the following: (3)

On page 37, line 21, of the House engrossed bill, strike out "(5)" and insert the following: (4)

On page 37, line 24, of the House engrossed bill, strike out "(6)" and insert the following: (5)

And the Senate agree to the same.

Amendment numbered 39:

That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with amendments as follows:

On page 43, line 6, of the Senate engrossed amendments, strike out "112" and insert the following: *111*

On page 44, line 25, of the Senate engrossed amendments, strike out "time specified in subparagraph (E)" and insert the following: *then specified time period*

On page 45, line 10, of the Senate engrossed amendments, strike out "made." and insert the following: *made."*

On page 45 of the Senate engrossed amendments, strike out lines 11 through 16 and insert the following:

(b) *No monthly insurance benefits under title II of the Social Security Act shall be payable or increased for any month before the month in which this Act is enacted by reason of amendments made by subsection (a).*

And the Senate agree to the same

Amendment numbered 41:

That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with amendments as follows:

On page 47, line 3, of the Senate engrossed amendments, strike out "114" and insert the following: 112

On page, 47 lines 3 and 4, of the Senate engrossed amendments, strike out "202(d)(9) of the Social Security Act" and insert the following: *202(d)(8) of the Social Security Act (as redesignated by section 151(c) of this Act)*

On page 47, line 23, of the Senate engrossed amendments, strike out "February" and insert the following: *January*

And the Senate agree to the same.

Amendment numbered 50:

That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with amendments as follow:

On page 50, line 4, of the Senate engrossed amendments, after "POLICEMEN" insert the following: ; *VALIDATION OF CERTAIN PAST COVERAGE IN THE STATE OF NEBRASKA*; and the Senate agree to the same.

Amendment numbered 51:

That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows:

On page 51, line 21, of the Senate engrossed amendments, strike out "system." and insert the following: *system.*"; and the Senate agree to the same.

Amendment numbered 52:

That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows:

On page 52, line 9, of the Senate engrossed amendments, strike out "such Act" and insert the following: *the Social Security Act*; and the Senate agree to the same.

Amendment numbered 53:

That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows:

On page 55, line 17, of the Senate engrossed amendments, strike out "such Act" and insert the following: *the Social Security Act*; and the Senate agree to the same.

Amendment numbered 54:

That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with amendments as follow:

On page 57, line 10, of the Senate engrossed amendments, strike out "(I)".

On page 57, line 11, of the Senate engrossed amendments, strike out "(II)".

On page 57, line 16, of the Senate engrossed amendments, after "1954" insert the following: *(relating to definition of employment)*

On page 58, line 5, of the Senate engrossed amendments, strike out "(I)".

On page 58, line 6, of the Senate engrossed amendments, strike out "(II)".

And the Senate agree to the same.

Amendment numbered 55:

That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with amendments as follows:

On page 58, line 18, of the Senate engrossed amendments, after "Massachusetts" insert the following: *to modify its agreement entered into under section 218 of such Act so as*

On page 58, line 19, of the Senate engrossed amendments, strike out "to be".

On page 58, line 21, of the Senate engrossed amendments, strike out "filing with him of such notice" and insert the following: *date on which such agreement is so modified*

On page 58, line 23, of the Senate engrossed amendments, strike out "has been" and insert the following: *is*

And the Senate agree to the same.

Amendment numbered 74:

That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows:

Omit the matter proposed to be stricken out by the Senate amendment, and on page 57, line 11, of the House engrossed bill, immediately before the comma insert the following: *as an outpatient*

And the Senate agree to the same.

Amendment numbered 77:

That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment as follows:

On page 63 of the Senate engrossed amendments, strike out lines 13 through 16 and insert the following:

"(A) if furnished by a clinic or rehabilitation agency, or by others under arrangements with such clinic or agency, unless such clinic or rehabilitation agency—

And the Senate agree to the same.

Amendment numbered 80:

That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment as follows:

On page 68 of the Senate engrossed amendments, strike out lines 12 through 17 and insert the following:

(b) *The second sentence of section 1813(a)(1) of such Act is amended to read as follows: "Such amount shall be further reduced by a coinsurance amount equal to—*

"(A) one-fourth of the inpatient hospital deductible for each day (before the 91st day) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell; and

"(B) one-half of the inpatient hospital deductible for each day (before the day following the last day for which such individual is entitled under section 1812(a)(1) to have payment made on his behalf for inpatient hospital services during such spell of illness) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 90 days during such spell;

except that the reduction under this sentence for any day shall not exceed the charges imposed for that day with respect to such individual for such services (and for this purpose, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charges so imposed)."

And the Senate agree to the same.

Amendment numbered 87:

That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with amendments as follows:

On page 84, line 6, of the Senate engrossed amendments, strike out "145" and insert the following: *142*

On page 84, line 17, of the Senate engrossed amendments, strike out "such part A" and insert the following: *part A of title XVIII of such Act*

On page 85, lines 7 and 8, of the Senate engrossed amendments, strike out "such part A" and insert the following: *part A of title XVIII of such Act*

On page 85, line 15, of the Senate engrossed amendments, strike out "defined" and insert the following: *described*

On page 86, line 15, of the Senate engrossed amendments, after "(4)" insert the following: *of the Social Security Act*

And the Senate agree to the same.

Amendment numbered 88:

That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with amendments as follows:

On page 88, line 5, of the Senate engrossed amendments, strike out "146" and insert the following: *143*

On page 89, line 1, of the Senate engrossed amendments, after "1814(d)" insert the following: *of such Act*

And the Senate agree to the same.

Amendment numbered 90:

That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with an amendment as follows:

On page 94, line 16, of the Senate engrossed amendments, strike out "148" and insert the following: 144; and the Senate agree to the same.

Amendment numbered 91:

That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with amendments as follows:

On page 95, line 22, of the Senate engrossed amendments, strike out "149" and insert the following: 145

On page 97, line 16, of the Senate engrossed amendments, strike out "promulgated." and insert the following: *promulgated.*"

On page 97 of the Senate engrossed amendments, strike out line 17 and all that follows down through page 99, line 2.

On page 99, line 3, of the Senate engrossed amendments, strike out "(f)(1)" and insert the following: (e)

On page 99 of the Senate engrossed amendments, strike out lines 8 through 17.

And the Senate agree to the same.

Amendment numbered 92:

That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment as follows:

On page 99, line 22, of the Senate engrossed amendments, strike out "149a" and insert the following: 146; and the Senate agree to the same.

Amendment numbered 96:

That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968*; and the Senate agree to the same.

Amendment numbered 97:

That the House recede from its disagreement to the amendment of the Senate numbered 97, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968*, ; and the Senate agree to the same.

Amendment numbered 98:

That the House recede from its disagreement to the amendment of the Senate numbered 98, and agree to the same with an amendment as follows:

On page 103, line 10, of the Senate engrossed amendments, strike out "SEC. 204."

And the Senate agree to the same.

Amendment numbered 99:

That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment as follows:

On page 105, line 3, of the Senate engrossed amendments, after "payment" insert the following: *for any month*

And the Senate agree to the same.

Amendment numbered 100:

That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with amendments as follows:

On page 105, line 22, of the Senate engrossed amendments, after "if any," insert the following: *who is*

On page 107, lines 2 and 3, of the Senate engrossed amendments, strike out "if each such person dies before the payment due" and insert the following: *if each person who meets such requirements dies before the payment due him*

On page 107, line 18, of the Senate engrossed amendments, after "due" insert the following: *him*

On page 107, line 21, of the Senate engrossed amendments, after the semicolon insert the following: *or*

On page 108, line 2, of the Senate engrossed amendments, strike out "any;" and insert the following: *any.*"

On page 108 of the Senate engrossed amendments, strike out lines 3 through 10.

On page 108, lines 18 through 20, of the Senate engrossed amendments, strike out "or under section 144 of the Social Security Amendments of 1967".

On page 108, line 22, of the Senate engrossed amendments, after "due" insert the following: *him under this title*

On page 109, line 1, of the Senate engrossed amendments, strike out "before such individual's death" and insert the following: *(before or after such individual's death)*

On page 109, line 9, of the Senate engrossed amendments, after "if any," insert the following: *who is*

On page 110, lines 14 and 15, of the Senate engrossed amendments, strike out "if each such person dies before the payment due" and insert the following: *if each person who meets such requirements dies before the payment due him*

On page 110, line 20, of the Senate engrossed amendments, strike out "pagraph" and insert the following: *paragraph*

On page 111, line 6, of the Senate engrossed amendments, after "due" insert the following: *him*

On page 111, line 9, of the Senate engrossed amendments, after the semicolon insert the following: *or*

On page 111, line 15, of the Senate engrossed amendments, strike out "any;" and insert the following: *any.*

On page 111 of the Senate engrossed amendments, strike out lines 16 through 23.

And the Senate agree to the same.

Amendment numbered 103:

That the House recede from its disagreement to the amendment of the Senate numbered 103, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *February 1968*; and the Senate agree to the same.

Amendment numbered 105:

That the House recede from its disagreement to the amendment of the Senate numbered 105, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968*; and the Senate agree to the same.

Amendment numbered 107:

That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months after January 1968*; and the Senate agree to the same.

Amendment numbered 109:

That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with amendments as follows:

Restore the matter proposed to be stricken out by the Senate amendment.

On page 88, line 7, of the House engrossed bill, strike out "general" and insert the following: *immediate*

On page 88, line 9, of the House engrossed bill, after the period insert the following:

For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

And the Senate agree to the same.

Amendment numbered 116:

That the House recede from its disagreement to the amendment of the Senate numbered 116, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *January 1968*; and the Senate agree to the same.

Amendment numbered 120:

That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment insert the following: *162*; and the Senate agree to the same.

Amendment numbered 121:

That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *months beginning after June 30, 1968*; and the Senate agree to the same.

Amendment numbered 122:

That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *after June 30, 1968*; and the Senate agree to the same.

Amendment numbered 123:

That the House recede from its disagreement to the amendment of the Senate numbered 123, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *are, on June 30, 1968, being*; and the Senate agree to the same.

Amendment numbered 124:

That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment, and in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

BENEFITS FOR CERTAIN CHILDREN

SEC. 163. (a)(1) The last sentence of section 203(a) of the Social Security Act is amended to read as follows: "Whenever a reduction is made under this subsection in the total of monthly benefits to which individuals are entitled for any month on the basis of the wages and self-employment income of an insured individual, each such benefit other than the old-age or disability insurance benefit shall be proportionately decreased; except that if such total of benefits for such month includes any benefit or benefits under section 202(d) which are payable solely by reason of section 216(h)(3), the reduction shall be first applied to reduce (proportionately where there is more than one benefit so payable) the benefits so payable (but not below zero)."

(2) The amendment made by paragraph (1) shall apply only with respect to monthly benefits payable under title II of the Social Security Act with respect to individuals who become entitled to benefits under section 202(d) of such Act solely by reason of section 216(h)(3) of such Act in or after January 1968 (but without regard to section 202(j)(1) of such Act). The provisions of section 170 of this Act shall not apply with respect to any such individual.

(b) Where—

(1) one or more persons were entitled (without the application of section 202(j)(1) of the Social Security Act) to monthly benefits

under section 202 or 223 of such Act for January 1968 on the basis of the wages and self-employment income of an individual, and

(2) one or more persons became entitled to monthly benefits before January 1968 under section 202(d) of such Act by reason of section 216(h)(3) of such Act (but without regard to section 202(j)(1)), on the basis of such wages and self-employment income and are so entitled for January 1968, and

(3) the total of benefits to which all persons are entitled under such section 202 or 223 of such Act on the basis of such wages and self-employment for January 1968 are reduced by reason of section 203(a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced),

then the amount of the benefit to which each such person referred to in paragraph (1) above (but not including persons referred to in paragraph (2) above) is entitled for months after January 1968 shall be increased, after the application of such section 203(a), to the amount it would have been if the person or persons referred to in paragraph (2) were not entitled to a benefit referred to in such paragraph (2).

And the Senate agree to the same.

Amendment numbered 125:

That the House recede from its disagreement to the amendment of the Senate numbered 125, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 164; and the Senate agree to the same.

Amendment numbered 126:

That the House recede from its disagreement to the amendment of the Senate numbered 126, and agree to the same with an amendment as follows:

On page 116, line 14, of the Senate engrossed amendments, strike out "166" and insert the following: 165; and the Senate agree to the same.

Amendment numbered 127:

That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 166; and the Senate agree to the same.

Amendment numbered 128:

That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 167; and the Senate agree to the same.

Amendment numbered 129:

That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 168; and the Senate agree to the same.

Amendment numbered 132:

That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *169*; and the Senate agree to the same.

Amendment numbered 134:

That the House recede from its disagreement to the amendment of the Senate numbered 134, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *170*; and the Senate agree to the same.

Amendment numbered 135:

That the House recede from its disagreement to the amendment of the Senate numbered 135, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *January 1968*; and the Senate agree to the same.

Amendment numbered 136:

That the House recede from its disagreement to the amendment of the Senate numbered 136, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *February 1968*; and the Senate agree to the same.

Amendment numbered 137:

That the House recede from its disagreement to the amendment of the Senate numbered 137, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *104, 112, 150, 151, 156, and 157 of this Act, and*; and the Senate agree to the same.

Amendment numbered 138:

That the House recede from its disagreement to the amendment of the Senate numbered 138, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *February 1968*; and the Senate agree to the same.

Amendment numbered 139:

That the House recede from its disagreement to the amendment of the Senate numbered 139, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *January 1968*; and the Senate agree to the same.

Amendment numbered 140:

That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with amendments as follows:

Strike out the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 105, line 18, of the House engrossed bill, strike out "(a)".

And the Senate agree to the same.

Amendment numbered 141:

That the House recede from its disagreement to the amendment of the Senate numbered 141, and agree to the same with an amendment as follows:

On page 119, line 12, of the Senate engrossed amendments, strike out "172" and insert the following: 171; and the Senate agree to the same.

Amendment numbered 143:

That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

DEFINITION OF BLINDNESS

SEC. 172. (a) The first sentence of section 216(i)(1) of the Social Security Act is amended by striking out "(B)" and all that follows and inserting in lieu thereof "(B) blindness; and the term 'blindness' means central visual acuity of 20/200 or less in the better eye with the use of a correcting lens."

(b) The second sentence of section 216(i)(1) of such Act is amended to read as follows: "An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of this paragraph as having a central visual acuity of 20/200 or less."

(c) The amendments made by this section shall be effective with respect to benefits under section 223 of the Social Security Act for months after January 1968 based on applications filed after the date of enactment of this Act and with respect to disability determinations under section 216(i) of the Social Security Act based on applications filed after the date of enactment of this Act.

And the Senate agree to the same.

Amendment numbered 145:

That the House recede from its disagreement to the amendment of the Senate numbered 145, and agree to the same with an amendment as follows:

On page 129, line 5, of the Senate engrossed amendments, strike out "176" and insert the following: 173; and the Senate agree to the same.

Amendment numbered 146:

That the House recede from its disagreement to the amendment of the Senate numbered 146, and agree to the same with an amendment as follows:

On page 130, lines 19 and 20, strike out "relative, child," and insert the following: *child, relative,*; and the Senate agree to the same.

Amendment numbered 157:

That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment as follows:

On page 132, line 21, and page 133, lines 1 and 2, of the Senate engrossed amendments, strike out "services which are furnished pursuant to clauses (14) and (15) of section 402(a) and which" and insert the following: *any of the services described in clauses (14) and (15) of section 402(a) which*; and the Senate agree to the same.

Amendment numbered 158:

That the House recede from its disagreement to the amendment of the Senate numbered 158, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(1) (A) *by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively,*

(B) *by striking out "subparagraph (E)" in subparagraph (C) (as so redesignated) and inserting in lieu thereof "subparagraph (D)", and*

(C) *by striking out "subparagraph (D)" in the matter following subparagraph (D) (as so redesignated) and inserting in lieu thereof "subparagraph (C)";*

And the Senate agree to the same.

Amendment numbered 167:

That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with amendments as follows:

On page 134, line 18, of the Senate engrossed amendments, after "that" insert the following: (A)

On page 135 of the Senate engrossed amendments, strike out lines 1 through 5 and insert the following:

services developed pursuant to part B of title IV of the Social Security Act, the provisions of section 402(a)(15)(F) of such Act (added thereto by subsection (a) of this section) shall not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State under part A of title IV of such Act in a political subdivision is different from the local agency in such subdivision administering the State's plan for child-welfare services developed pursuant to part B of title IV of such Act, the provisions of such section 402(a)(15)(F) shall not apply with respect to such agencies but only so long as such local agencies are different.

And the Senate agree to the same.

Amendment numbered 180:

That the House recede from its disagreement to the amendment of the Senate numbered 180, and agree to the same with an amendment as follows:

Insert the matter proposed to be inserted by the Senate amendment, and on page 118, line 25, of the House engrossed bill, strike out "section" and insert the following: *Act*; And the Senate agree to the same.

Amendment number 184:

That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(c) Effective with respect to quarters beginning after June 30, 1968, in determining the need of individuals claiming aid under a State plan approved under part A of title IV of the Social Security Act, the State shall apply the provisions of such part notwithstanding any provisions of law (other than such Act) requiring the State to disregard earned income of such individuals in determining need under such State plan.

And the Senate agree to the same.

Amendment numbered 186:

That the House recede from its disagreement to the amendment of the Senate numbered 186, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"(C)(i) such father has 6 or more quarters of work (as defined in subsection (d)(1)) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (ii) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d)(3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and

"(2) provides—

"(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be referred to the Secretary of Labor as provided in section 402(a)(19) within thirty days after receipt of aid with respect to such children;

And the Senate agree to the same.

Amendment numbered 190:

That the House recede from its disagreement to the amendment of the Senate numbered 190, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment, and on page 122 of the House engrossed bill, after line 2 insert the following:

"(i) is not currently registered with the public employment offices in the State, or

"(ii) receives unemployment compensation under an unemployment compensation law of a State or of the United States.

And the Senate agree to the same.

Amendment numbered 191:

That the House recede from its disagreement to the amendment of the Senate numbered 191, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment, and in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent child as defined in subsection (a), (i) for any part of the 30-day period referred to in subparagraph (A) of subsection (b)(1), or (ii) for any period prior to the time when the father satisfies subparagraph (B) of such subsection, and (B) if, and for as long as, no action is taken (after the 30-day period referred to in subparagraph (A) of subsection (b)(2)), under the program therein specified, to refer such father to the Secretary of Labor pursuant to section 402 (a)(19).

"(d) For purposes of this section—

"(1) the term 'quarter of work' with respect to any individual means a calendar quarter in which such individual received earned income of not less than \$50 (or which is a 'quarter of coverage' as defined in section 213(a)(2)), or in which such individual participated in a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or the work incentive program established under part C;

"(2) the term 'calendar quarter' means a period of 3 consecutive calendar months ending on March 31, June 30, September 30, or December 31; and

"(3) an individual shall be deemed qualified for unemployment compensation under the State's unemployment compensation law if—

"(A) he would have been eligible to receive such unemployment compensation upon filing application, or

"(B) he performed work not covered under such law and such work, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such unemployment compensation upon filing application."

(b) In the case of an application for aid to families with dependent children under a State plan approved under section 402 of such Act with respect to a dependent child as defined in section 407(a) of such Act (as amended by this section) within 6 months after the effective date of the modification of such State plan which provides for payments in accordance with section 407 of such Act as so amended, the father of such child shall be deemed to meet the requirements of subparagraph (C) of section 407(b)(1) of such Act (as so amended) if at any time after April 1961 and prior to the date of application such father met the requirements of such subparagraph (C). For purposes of the preceding sentence, an individual receiving aid to families with dependent children (under section 407 of the Social Security Act as in effect before the enactment of this Act) for the last month ending before the effective date of the modification referred

to in such sentence shall be deemed to have filed application for such aid under such section 407 (as amended by this section) on the day after such effective date.

And the Senate agree to the same.

Amendment numbered 198:

That the House recede from its disagreement to the amendment of the Senate numbered 198, and agree to the same with amendments as follows:

On page 150, line 16, of the Senate engrossed amendments, strike out "\$20 per week" and insert the following: *\$30 per month, payable in such amounts and at such times as the Secretary prescribes*

On page 150, line 19, of the Senate engrossed amendments, strike out "90" and insert the following: *80*

On page 154, line 10, of the Senate engrossed amendments, strike out "10" and insert the following: *20*

On page 154, line 24, of the Senate engrossed amendments, strike out "10" and insert the following: *20*

On page 155, line 2, of the Senate engrossed amendments, strike out "10" and insert the following: *20*

On page 159, line 4, of the Senate engrossed amendments, before "ad-" insert the following: *or*

On page 159, line 5, of the Senate engrossed amendments, strike out "or".

On page 159, line 9, of the Senate engrossed amendments, strike out "or".

On page 159, line 14, of the Senate engrossed amendments, strike out ", or" and insert a semicolon.

On page 159 of the Senate engrossed amendments, strike out line 15 and all that follows down through page 160, line 5.

On page 160, line 14, of the Senate engrossed amendments, strike out "10" and insert the following: *20*

On page 162, line 4, of the Senate engrossed amendments, after "(ii)" insert the following: *and section 407(b)(2)*

On page 162 of the Senate engrossed amendments, strike out lines 16 through 20 and insert the following:

"(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;

On page 164, line 5, of the Senate engrossed amendments, after "State)" insert the following: *, but not before April 1, 1968,*

On page 164 of the Senate engrossed amendments, strike out lines 10 through 12 and insert the following: *beginning after June 30, 1968.*

On page 165, line 1, of the Senate engrossed amendments, strike out "202(b)" and insert the following: *202(a)(2)*

And the Senate agree to the same.

Amendment numbered 213:

That the House recede from its disagreement to the amendment of the Senate numbered 213, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

(b) *Section 403(a) of such Act (as amended by the preceding provisions of this Act) is amended by—*

(1) *striking out "5" in the sentence immediately following paragraph (5) and inserting in lieu thereof "10";*

(2) *adding at the end thereof the following new sentence "In computing such 10 percent, there shall not be taken into account individuals with respect to whom such payments are made for any month in accordance with section 402(a)(19)(F)."*

And the Senate agree to the same.

Amendment numbered 214:

That the House recede from its disagreement to the amendment of the Senate numbered 214, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and on page 141 of the House engrossed bill strike out lines 1 through 13 and insert the following:

"(d) Notwithstanding any other provision of this Act, the average monthly number of dependent children under the age of 18 who have been deprived of parental support or care by reason of the continued absence from the home of a parent with respect to whom payments under this section may be made to a State for any calendar quarter after June 30, 1968, shall not exceed the number which bears the same ratio to the total population of such State under the age of 18 on the first day of the year in which such quarter falls as the average monthly number of such dependent children under the age of 18 with respect to whom payments under this section were made to such State for the calendar quarter beginning January 1, 1968, bore to the total population of such State under the age of 18 on that date."

And the Senate agree to the same.

Amendment numbered 221:

That the House recede from its disagreement to the amendment of the Senate numbered 221, and agree to the same with an amendment as follows:

On page 167, line 17, of the Senate engrossed amendments, strike out "209" and insert the following: 210; and the Senate agree to the same.

Amendment numbered 223:

That the House recede from its disagreement to the amendment of the Senate numbered 223, and agree to the same with amendments as follows:

On page 173, lines 12 and 13, of the Senate engrossed amendments, strike out "ESTABLISHMENT AND COLLECTION OF LIABILITY TO UNITED STATES".

On page 175, line 10, of the Senate engrossed amendments, strike out "State;" and insert the following: *State*".

On page 175 of the Senate engrossed amendments, strike out line 11 and all that follows through line 19 on page 181 and insert the following:

(b) *Title IV of such Act is amended by adding after section 409 the following new section:*

"ASSISTANCE BY INTERNAL REVENUE SERVICE IN LOCATING PARENTS

"SEC. 410. (a) Upon receiving a report from a State agency made pursuant to section 402(a)(21), the Secretary shall furnish to the Secretary of the Treasury or his delegate the names and social security account numbers of the parents contained in such report, and the name of the State agency which submitted such report. The Secretary of the Treasury or his delegate shall endeavor to ascertain the address of each such parent from the master files of the Internal Revenue Service, and shall furnish any address so ascertained to the State agency which submitted such report.

"(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a). The Secretary shall transfer to the Secretary of the Treasury from time to time sufficient amounts out of the monies appropriated pursuant to this subsection to enable him to perform his functions under subsection (a)."

And the Senate agree to the same.

Amendment numbered 224:

That the House recede from its disagreement to the amendment of the Senate numbered 224, and agree to the same with an amendment as follows:

On page 181, line 22, of the Senate engrossed amendments, strike out "section (3)(a)(4)" and insert the following: *section 3(a)(4)*; and the Senate agree to the same.

Amendment numbered 225:

That the House recede from its disagreement to the amendment of the Senate numbered 225, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

AUTHORITY TO DISREGARD ADDITIONAL INCOME OF RECIPIENTS OF PUBLIC ASSISTANCE

SEC. 213. (a)(1) Section 2(a)(10)(A)(i) of the Social Security Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

(2) Section 1002(a)(8)(C) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

(3) Section 1402(a)(8)(A) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

(4) Section 1604(a)(14)(D) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

(b) Section 402(a) of such Act is amended by inserting before the period at the end thereof the following: "; and (23) provide that by July 1, 1969, the amounts used by the State to determine the needs of individuals will have been adjusted to reflect fully changes in living costs since such amounts

were established, and any maximums that the State imposes on the amount of aid paid to families will have been proportionately adjusted".

And the Senate agree to the same.

Amendment numbered 226:

That the House recede from its disagreement to the amendment of the Senate numbered 226, and agree to the same with amendments as follow:

Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 143, line 7, of the House engrossed bill, strike out "Payment" and insert the following: *Except as provided in paragraph (4), payment*

On page 143, line 13, of the House engrossed bill, strike out "in subparagraph (C) and".

On page 143, line 21, of the House engrossed bill, strike out "section 402" and insert the following: *part A of title IV*

On page 144 of the House engrossed bill, strike out lines 3 through 12.

On page 144, line 13, of the House engrossed bill, strike out "(D)" and insert the following: *(C)*

On page 144, line 14, of the House engrossed bill, strike out "or (C)".

On page 144, line 16, of the House engrossed bill, strike out "by" and insert the following: *to*

On page 145, line 2, of the House engrossed bill, strike out "section 402" and insert the following: *part A of title IV*

On page 145 of the House engrossed bill, strike out lines 10 through 20 and insert the following:

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual who, at the time of the provision of the medical assistance giving rise to such expenditure—

"(A) is a recipient of aid or assistance under a plan of such State which is approved under title I, X, XIV, or XVI, or part A of title IV, or

"(B) is not a recipient of aid or assistance under such a plan but (i) is eligible to receive such aid or assistance, or (ii) would be eligible to receive such aid or assistance if he were not in a medical institution."

And the Senate agree to the same.

Amendment numbered 231:

That the House recede from its disagreement to the amendment of the Senate numbered 231, and agree to the same with amendments as follows:

Insert the matter proposed to be inserted by the Senate amendment.

On page 150 of the House engrossed bill, strike out lines 14 through 20 and insert the following:

(2) Section 1843(f) of such Act is amended—

(A) by inserting after "or part A of title IV," (as added by section 241(e)(2) of this Act) the following:

"or eligible to receive medical assistance under the plan of such State approved under title XIX,"; and

(B) by inserting after "and part A of title IV" (as added by section 241(e)(2) of this Act) the following:

", and individuals eligible to receive medical assistance under the plan of the State approved under title XIX".

And the Senate agree to the same.

Amendment numbered 233:

That the House recede from its disagreement to the amendment of the Senate numbered 233, and agree to the same with an amendment as follows:

On page 191 of the Senate engrossed amendments, strike out lines 3 through 8 and insert the following:

"(D) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;".

And the Senate agree to the same.

Amendment numbered 236:

That the House recede from its disagreement to the amendment of the Senate numbered 236, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

or dentists' services, at the option of the State, to individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV,"

And the Senate agree to the same.

Amendment numbered 240:

That the House recede from its disagreement to the amendment of the Senate numbered 240, and agree to the same with amendments as follows:

On page 199, line 20, of the Senate engrossed amendments, strike out "234a" and insert the following: 234

On page 200, line 3, of the Senate engrossed amendments, strike out "(26)" and insert the following: "(26)

On page 200, line 10, of the Senate engrossed amendments, strike out "periodic" and insert the following: *for periodic*

And the Senate agree to the same.

Amendment numbered 241:

That the House recede from its disagreement to the amendment of the Senate numbered 241, and agree to the same with amendments as follows:

On page 205, line 13, of the Senate engrossed amendments, strike out "234b" and insert the following: 235

On page 205, line 18, of the Senate engrossed amendments, strike out "X,".

On page 160, line 9, of the House engrossed bill, strike out "235" and insert the following: 240

On page 172, line 10, of the House engrossed amendments, strike out "236" and insert the following: 241

And the Senate agree to the same.

Amendment numbered 242:

That the House recede from its disagreement to the amendment of the Senate numbered 242, and agree to the same with amendments as follows:

On page 206, line 20, of the Senate engrossed amendments, strike out "234c" and insert the following: 236

On page 206, line 23, of the Senate engrossed amendments, strike out " ; and " and insert the following: *a semicolon*

On page 207, line 2, of the Senate engrossed amendments, strike out "1907" and insert the following: 1908

On page 207, line 5, of the Senate engrossed amendments, strike out "section 226" and insert the following: *the preceding sections*

On page 207, line 9, of the Senate engrossed amendments, strike out "1907" and insert the following: 1908

And the Senate agree to the same.

Amendment numbered 243:

That the House recede from its disagreement to the amendment of the Senate numbered 243, and agree to the same with amendments as follows:

On page 213, line 10, of the Senate engrossed amendments, strike out "234d" and insert the following: 237

On page 213, line 15, of the Senate engrossed amendments, strike out "(28)" and insert the following: (29)

On page 213, line 16, of the Senate engrossed amendments, strike out "234c" and insert the following: 236

On page 213 of the Senate engrossed amendments, strike out line 18 and all that follows through line 22 and insert the following:

"(30) provide such methods and procedures relating to the utilization of, and the payment for, care and services available under the plan as may be necessary to safeguard against unnecessary utilization of such care and services and to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care."

And the Senate agree to the same.

Amendment numbered 244:

That the House recede from its disagreement to the amendment of the Senate numbered 244, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY
UNDER TITLE XIX

SEC. 238. Effective July 1, 1969, section 1902(a)(17) of the Social Security Act is amended by striking out "(which shall be comparable for all groups)" and inserting in lieu thereof the following: "(which shall be comparable for all groups and may, in accordance with standards prescribed by the Secretary, differ with respect to income levels, but only in the case of applicants or recipients of assistance under the plan who are not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, based on the variations between shelter costs in urban areas and in rural areas)".

And the Senate agree to the same.

Amendment numbered 253:

That the House recede from its disagreement to the amendment of the Senate numbered 253, and agree to the same with amendments as follows:

On page 216, line 5, of the Senate engrossed amendments, after "that" insert the following: (A)

On page 216, line 7, of the Senate engrossed amendments, strike out "part 3 of title V" and insert the following: *part B of title IV*

On page 216 of the Senate engrossed amendments, strike out lines 12 and 13 and insert the following:

not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State for child-welfare services developed under part B of title IV of the Social Security Act is different from the local agency in such subdivision administering the plan of such State under part A of title IV of such Act, so much of such paragraph (1) as precedes such subparagraph (B) shall not apply with respect to such local agencies but only so long as such local agencies are different.

And the Senate agree to the same.

Amendment numbered 258:

That the House recede from its disagreement to the amendment of the Senate numbered 258, and agree to the same with amendments as follows:

On page 221, line 2, of the Senate engrossed amendments, strike out "applicable under State law" and insert the following: *applicable to nursing homes under State law*

On page 221, line 5, of the Senate engrossed amendments, insert immediately before the quotation marks the following:

The term 'intermediate care facility' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State.

And the Senate agree to the same.

Amendment numbered 263:

That the House recede from its disagreement to the amendment of the Senate numbered 263, and agree to the same with amendments as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512.*

On page 182, line 16, of the House engrossed bill, strike out "(a)".

And the Senate agree to the same.

Amendment numbered 266:

That the House recede from its disagreement to the amendment of the Senate numbered 266, and agree to the same with an amendment as follows:

On page 222 of the Senate engrossed amendments, strike out lines 13 through 21 and insert the following:

"(13) provides that, where payment is authorized under the plan for services which an optometrist is licensed to perform, the individual for whom such payment is authorized may, to the extent practicable, obtain such services from an optometrist licensed to perform such services except where such services are rendered in a clinic, or another appropriate institution, which does not have an arrangement with optometrists so licensed; and

And the Senate agree to the same.

Amendment numbered 273:

That the House recede from its disagreement to the amendment of the Senate numbered 273, and agree to the same with amendments as follows:

On page 225, line 9, of the Senate engrossed amendments, strike out "CHILDREN'S EMOTIONAL ILLNESS" and insert the following: *EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT*

On page 225, line 10, of the Senate engrossed amendments, strike out "306" and insert the following: *305*.

And the Senate agree to the same.

Amendment numbered 275:

That the House recede from its disagreement to the amendment of the Senate numbered 275, and agree to the same with an amendment as follows:

On page 225, lines 15 and 16, of the Senate engrossed amendments, strike out "INCENTIVE FOR ECONOMY WHILE MAINTAINING QUALITY OR IMPROVING THE PROVISION OF HEALTH SERVICES" and insert the following: *INCENTIVES FOR ECONOMY WHILE MAINTAINING OR IMPROVING QUALITY IN THE PROVISION OF HEALTH SERVICES*; and the Senate agree to the same.

Amendment numbered 276:

That the House recede from its disagreement to the amendment of the Senate numbered 276, and agree to the same with an amendment as follows:

Insert the matter proposed to be inserted by the Senate amendment, and on page 203, line 24, of the House engrossed bill, insert immediately after the period the following: *No experiment shall be engaged in or developed under subsection (a) until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed experiment as to the soundness of its objectives, the possibilities of securing productive results, the adequacy of resources to conduct the proposed experiment, and its relationship to other similar experiments already completed or in process.*

And the Senate agree to the same.

Amendment numbered 282:

That the House recede from its disagreement to the amendment of the Senate numbered 282, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

STUDY OF RETIREMENT TEST AND OF DRUG STANDARDS AND COVERAGE

SEC. 405. (a) The Secretary of Health, Education, and Welfare is authorized and directed to study (1) the existing retirement test and proposals for the modification of such test (including proposals for an increase in old-age insurance benefit amounts on account of delayed retirement), (2) quality and cost standards for drugs for which payments are made under the Social Security Act, and (3) the coverage of drugs under part B of title XVIII of such Act.

(b) On or before January 1, 1969, the Secretary shall transmit to the President and the Congress a report which shall contain his findings of fact and any conclusions or recommendations he may have.

And the Senate agree to the same.

Amendment numbered 286:

That the House recede from its disagreement to the amendment of the Senate numbered 286, and agree to the same with an amendment as follows:

On page 231, line 15, of the Senate engrossed amendments, strike out "503" and insert the following: 501; and the Senate agree to the same.

Amendment numbered 288:

That the House recede from its disagreement to the amendment of the Senate numbered 288, and agree to the same with an amendment as follows:

On page 239, line 4, of the Senate engrossed amendments, strike out "505" and insert the following: 502; and the Senate agree to the same.

Amendment numbered 290:

That the House recede from its disagreement to the amendment of the Senate numbered 290, and agree to the same with an amendment as follows:

On page 242, line 5, of the Senate engrossed amendments, strike out "507" and insert the following: 503; and the Senate agree to the same.

Amendment numbered 294:

That the House recede from its disagreement to the amendment of the Senate numbered 294, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC.,
PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS*

SEC. 504. (a) Section 3121(a) of the Internal Revenue Code of 1954 (definition of wages) is amended by striking out "or" at the end of paragraph (11), by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:

"(13) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

(b) Section 3306 (b) of such Code (definition of wages) is amended by striking out "or" at the end of paragraph (8), by striking out the period

at the end of paragraph (9) and inserting in lieu thereof “; or”, and by adding at the end thereof the following new paragraph:

“(10) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

“(A) upon or after the termination of an employee’s employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

“(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee’s employment relationship had not been so terminated.”

(c) Section 209 of the Social Security Act (definition of wages) is amended by striking out “or” at the end of subsection (k), by striking out the period at the end of subsection (l) and inserting in lieu thereof “; or”, and by inserting after subsection (l) the following new subsection:

“(m) Any payment or series of payments by an employer to an employee or any of his dependents which is paid—

“(1) upon or after the termination of an employee’s employment relationship because of (A) death, (B) retirement for disability, or (C) retirement after attaining an age specified in the plan referred to in paragraph (2) or in a pension plan of the employer, and

“(2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee’s employment relationship had not been so terminated.”

(d) The amendments made by this section shall apply with respect to remuneration paid after the date of the enactment of this Act.

And the Senate agree to the same.

W. D. MILLS,
CECIL R. KING,
HALE BOGGS,
FRANK M. KARSTEN,
A. SYDNEY HERLONG, Jr.,
JOHN W. BYRNES,
THOS. B. CURTIS,
JAMES B. UTT,
JACKSON E. BETTS,

Managers on the Part of the House.

RUSSELL LONG,
GEORGE A. SMATHERS,
CLINTON P. ANDERSON,
ALBERT GORE,
HERMAN TALMADGE,
JOHN J. WILLIAMS,
FRANK CARLSON,
CARL T. CURTIS,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following Senate amendments made technical, clerical, clarifying, or conforming changes: 1, 25, 26, 29, 30, 31, 32, 38, 49, 63, 64, 65, 66, 67, 68, 69, 70, 72, 73, 74, 75, 76, 81, 82, 83, 96, 97, 101, 102, 103, 104, 105, 106, 107, 108, 110, 111, 112, 113, 114, 115, 116, 117, 118, 120, 125, 127, 128, 129, 132, 133, 134, 135, 136, 137, 138, 139, 140, 148, 150, 151, 152, 156, 158, 159, 160, 161, 162, 163, 164, 165, 168, 169, 170, 171, 172, 177, 179, 180, 185, 187, 188, 192, 194, 196, 199, 202, 203, 204, 205, 206, 209, 210, 211, 215, 216, 218, 232, 252, 256, 264a, 265, 269, 274, 278, and 283. With respect to these amendments (1) the House either recedes or rededes with amendments which are technical, clerical, clarifying, or conforming in nature; or (2) the Senate recedes in order to conform to other action agreed upon by the committee of conference.

BENEFIT AMOUNTS

Amendments Nos. 2 through 15: Section 101 of the House bill amended section 215(a) of the Social Security Act to provide a 12½ percent increase in benefits with a \$50 minimum primary insurance amount through a new benefit table for determining primary insurance amounts and maximum family benefits (taking into account the \$7,600 contribution and benefit base scheduled by section 108 of the House bill to be effective for years after 1967). This provision was to be effective beginning with the second month following the month of enactment.

Senate amendment No. 2 substituted for the benefit table in section 101 of the House bill a new table to provide a 15 percent increase in benefits with a \$70 minimum primary insurance amount (taking into account the increases in the contribution and benefit base scheduled by Senate amendment No. 36—\$8,000 for the year 1968, \$8,800 for the years 1969 through 1971, and \$10,800 for years after 1971).

Senate amendments Nos. 3 through 15 modified the effective date contained in the House bill to make the benefit increases effective beginning with March 1968. (The same modification, in the effective date of other provisions of the House bill involving OASDI benefits

was made by Senate amendments 25, 26, 30, 96, 97, 103, 105, 107, 116, 135, 136, 138, 139.)

Under the conference agreement, section 215(a) of the Social Security Act is amended to provide a 13-percent increase in benefits with a \$55 minimum primary insurance amount through a new benefit table for determining primary insurance amounts and maximum family benefits, taking into account the \$7,800 contribution and benefit base scheduled under the conference agreement to be effective for years after 1967. The provision is effective for and after February 1968.

INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER

Amendments Nos. 16 through 24: Section 102 of the House bill amended sections 227 and 228 of the Social Security Act to increase, from \$35 for a single person and \$17.50 for a spouse to \$40 for a single person and \$20 for a spouse, the amounts of the special payments provided for certain individuals age 72 and older who have no coverage or whose coverage is insufficient to qualify for regular benefits.

The Senate amendments modified the House bill to provide for an increase in the amounts of the special payments to \$50 for a single person and \$25 for a spouse.

The Senate recedes.

BENEFITS FOR DISABLED WIDOWS AND WIDOWERS

Amendment No. 27: Section 104 of the House bill amended title II of the Social Security Act to provide benefits for disabled widows and widowers age 50 or over, with benefits ranging from 50 percent to 82½ percent of the spouse's primary insurance amount depending on the age at which benefits begin. No trial work period was provided. (A special test of disability for widows and widowers was set forth in section 156 of the bill.)

The Senate amendment modified section 104 of the House bill to provide benefits for disabled widows and widowers at any age. In addition, payment would be made at the full widow's and widower's benefit rate of 82½ percent of the spouse's primary insurance amount, and a trial work period would be provided. (The special test of disability was eliminated by amendment No. 109, so that the definition in present law would apply to widows and widowers as well as to others whose benefits depend upon disability.)

The Senate recedes with a technical amendment.

REDUCED BENEFITS AT AGE 60

Amendment No. 28: The Senate amendment added to the House bill a new section (105), amending section 202 of the Social Security Act to provide for payment of reduced old-age, wife's, husband's, widower's, and parent's insurance benefits beginning at age 60. The old-age benefit would be reduced by $\frac{1}{60}$ ths of one percent for each month for which the worker takes the benefit while under age 65, and the widower's or parent's benefit (like widow's benefits under existing law) would be reduced by the same percentage for each month for which the benefit is taken while under age 62; the wife's or husband's insurance benefit would be reduced by $\frac{2}{60}$ ths of one percent for each

month for which the benefit is taken before age 65. (Under existing law, old-age benefits are payable in full at age 65 or on the basis of a $\frac{5}{6}$ ths reduction at age 62; wife's and husband's benefits are payable in full at age 65 or on the basis of a $\frac{25}{36}$ ths reduction at age 62; and widower's and parent's benefits are payable in full at age 62 with no earlier entitlement provided.)

The Senate recedes.

LIBERALIZATION OF EARNINGS TEST

Amendments Nos. 33 and 34: Under the existing provisions of section 203 of the Social Security Act, if a beneficiary earns \$1,500 or less in a year, no benefits will be withheld; if he earns more than \$1,500 in a year, \$1 in benefits will be withheld for each \$2 of earnings between \$1,500 and \$2,700, and \$1 in benefits will be withheld for each \$1 of earnings above \$2,700. Also, no benefit will be withheld for any month in which the beneficiary earns \$125 or less in wages and does not engage in self-employment.

Section 107 of the House bill amended section 203 of the Social Security Act to increase the annual \$1,500 and \$2,700 cut-off points to \$1,680 and \$2,880, respectively, and the \$125 monthly figure to \$140.

The Senate amendments modified section 107 of the House bill so that the annual cut-off points are increased to \$2,400 and \$3,600, and the monthly figure is increased to \$200.

The Senate recedes.

INCREASE IN CONTRIBUTION AND BENEFIT BASE

Amendments Nos. 35 and 36: Section 108 of the House bill amended title II of the Social Security Act and the Internal Revenue Code of 1954 to increase the earnings counted for benefit and tax purposes to \$7,600, beginning with 1968.

Under the Senate amendments, the earnings counted for benefit and tax purposes were increased to \$8,000 in 1968, \$8,800 in 1969 through 1971, and \$10,800 beginning with 1972.

Under the conference agreement, the amount of earnings counted for benefit and tax purposes is increased to \$7,800, beginning with 1968.

CHANGES IN TAX SCHEDULE

Amendment No. 37: The following table shows the tax schedule in the House bill and that in the Senate bill:

CONTRIBUTION RATES FOR EMPLOYEES AND EMPLOYERS, EACH

[In percent]

Year	House bill			Senate bill		
	OASDI	HI	Total	OASDI	HI	Total
1967.....	3.9	0.5	4.4	3.9	0.5	4.4
1968.....	3.9	.5	4.4	3.8	.6	4.4
1969-70.....	4.2	.6	4.8	4.2	.6	4.8
1971-72.....	4.6	.6	5.2	4.6	.6	5.2
1973-75.....	5.0	.65	5.65	5.0	.65	5.65
1976-79.....	5.0	.7	5.7	5.05	.65	5.7
1980-86.....	5.0	.8	5.8	5.05	.75	5.8
1987 and after.....	5.0	.9	5.9	5.05	.75	5.8

CONTRIBUTION RATES FOR THE SELF-EMPLOYED

[In percent]

	House bill			Senate bill		
	OASDI	HI	Total	OASDI	HI	Total
1967-----	5.9	0.5	6.4	5.9	0.5	6.4
1968-----	5.9	.5	6.4	5.8	.6	6.4
1969-70-----	6.3	.6	6.9	6.3	.6	6.9
1971-72-----	6.9	.6	7.5	6.9	.6	7.5
1973-75-----	7.0	.65	7.65	7.0	.65	7.65
1976-79-----	7.0	.7	7.7	7.0	.65	7.65
1980-86-----	7.0	.8	7.8	7.0	.75	7.75
1987 and after-----	7.0	.9	7.9	7.0	.75	7.75

The conference agreement provides the following tax schedule:

[In percent]

	Employers and employees, each			Self-employed		
	OASDI	HI	Total	OASDI	HI	Total
1967-----	3.9	0.5	4.4	5.9	0.5	6.4
1968-----	3.8	.6	4.4	5.8	.6	6.4
1969-70-----	4.2	.6	4.8	6.3	.6	6.9
1971-72-----	4.6	.6	5.2	6.9	.6	7.5
1973-75-----	5.0	.65	5.65	7.0	.65	7.65
1976-79-----	5.0	.7	5.7	7.0	.7	7.7
1980-86-----	5.0	.8	5.8	7.0	.8	7.8
1987 and after-----	5.0	.9	5.9	7.0	.9	7.9

EXTENSION OF RETROACTIVITY OF DISABILITY APPLICATIONS FOR
FREEZE PURPOSES WHERE FAILURE TO MAKE TIMELY APPLICATION IS
DUE TO INCOMPETENCY

Amendment No. 39: Under existing law, an application to establish a period of disability must be filed no later than 12 months after the end of the period of disability. The Senate amendment added to the House bill a new section (112), amending section 216(i) of the Social Security Act to extend the time for filing an effective application to establish a closed period of disability (for disability freeze purposes only) for an additional 24 months—to a total of 36 months—in certain cases where it is shown to the satisfaction of the Secretary of Health, Education, and Welfare that the disabled individual's failure to file within the prescribed period is due to his mental or physical incapacity to execute such an application.

The House recedes with a technical amendment.

MARRIAGE OF A CHILD WHO IS A FULL-TIME STUDENT

Amendment No. 40: The Senate amendment added to the House bill a new section (113), amending section 202(d) of the Social Security Act to provide that a child's benefits will not stop when the child marries if and for as long as the child is a full-time student (and is otherwise entitled to benefits) and, in the case of a girl, her husband is also a full-time student. A child whose benefits stop because of marriage may subsequently (if otherwise entitled, and upon making a new application) become reentitled to such benefits if he becomes a full-time student (or, in the case of a girl, if both she and her husband become full-time students).

The Senate recedes.

BENEFITS FOR CERTAIN CHILDREN ADOPTED BY DISABLED WORKERS

Amendment No. 41: The Senate amendment added to the House bill a new section (114), amending section 202(d)(9) of the Social Security Act to provide that benefits can be paid to the legally adopted child of a worker entitled to disability benefits (or to old-age benefits after having been entitled to disability benefits) if the adoption took place under the supervision of a child-placing agency and was decreed by a court of competent jurisdiction in the United States, the worker had continuously resided in the United States for at least one year prior to the date of adoption, and the child was under the age of 18 on the date of the adoption, regardless of when the adoption occurred. (Under present law the adoption, even if other conditions are met, must have taken place within 2 years of the time the worker became entitled to disability benefits.)

The House recedes with technical amendments.

BENEFITS FOR MOTHERS OF CERTAIN FULL-TIME STUDENTS

Amendment No. 42: The Senate amendment added to the House bill a new section (114a), amending section 202(s) of the Social Security Act to provide that a wife or mother otherwise qualified may receive benefits on the basis of having an entitled child in her care, where the child is between 18 and 22 and is only entitled to child's benefits because he is a full-time student, if the school at which the child is a student is an elementary or secondary school. (Under existing law, a wife or mother can be entitled to benefits on the basis of having a child in her care only if the child is entitled to child's benefits because he is under 18 or is disabled—she cannot qualify on the basis of a child who is entitled only because he is a student, regardless of the level of the school at which he is enrolled.)

The Senate recedes.

STUDY OF DELAYED RETIREMENT INCREMENT

Amendment No. 43: The Senate amendment added to the House bill a new section (114b) to require the Social Security Administration to make a study with respect to the feasibility of providing increased old-age insurance benefit amounts for people who delay their retirement and may continue to work after age 65, and to report its findings to the Congress.

The Senate recedes (but the substance of the provision is included in section 405 of the bill—see Amendment No. 282).

COVERAGE OF MINISTERS

Amendments Nos. 44, 45, 46, and 47: Under existing law, the services which a clergyman (including a Christian Science practitioner or a member of a religious order who has not taken a vow of poverty) performs in the exercise of his ministry are excluded from coverage unless the clergyman elects coverage by filing a waiver certificate within a prescribed period; if he makes the election his services in his ministry are covered under the provisions of law applicable to self-employed persons. A member of a religious order who has taken a vow of poverty may not make such an election; his services are compulsorily excluded from coverage.

Section 115 of the House bill amended section 211(c) of the Social Security Act and section 1402(c) and (e) of the Internal Revenue Code of 1954 to provide that the services performed in the exercise of his profession by a minister, a Christian Science practitioner, or any member of a religious order (including a member who has taken a vow of poverty) are to be covered under the provisions of law applicable to the self-employed unless he obtains an exemption from social security taxes (and coverage) by filing within a prescribed period (under the revised section 1402(e) of the Code) an application for exemption, together with a statement that he is conscientiously opposed to the acceptance (with respect to his professional service) of any public insurance such as social security; a clergyman who had elected coverage under existing law could not secure an exemption, and an exemption from coverage would be irrevocable.

Senate amendments Nos. 44, 45, and 46 added language providing that members of religious orders who have taken a vow of poverty are compulsorily excluded from coverage, as under present law, and need not file any application to secure the exemption. Senate amendment No. 47 provided an additional basis for the exemption from social security taxes (and coverage); clergymen opposed to the acceptance of public insurance on grounds of religious principle (in addition to those conscientiously opposed as provided in the House bill) may secure the exemption.

The House recedes.

STATE AND LOCAL DIVIDED RETIREMENT SYSTEMS

Amendment No. 48: The Senate amendment added to section 116 of the House bill a new subsection (d), amending section 218(d)(6)(F) of the Social Security Act so as to grant an additional opportunity, through 1969, for the election of social security coverage by members of State and local government retirement systems who did not elect coverage when they previously had the opportunity to do so under the divided retirement system procedure, which permits certain States to cover only those current members of a retirement system who desire coverage.

The House recedes.

COVERAGE OF POLICEMEN AND FIREMEN IN PUERTO RICO AND CERTAIN FIREMEN IN NEBRASKA

Amendment No. 50: The Senate amendment added to the House bill a new section (119), amending section 218(p) of the Social Security Act to add Puerto Rico to the list of States which may, if they so desire, provide social security coverage for policemen and firemen in positions under State or local retirement systems. The Senate amendment also included a provision validating amounts erroneously reported for past services performed by certain firemen employed by political subdivisions in Nebraska, if amounts representing social security taxes were erroneously paid in good faith and no refund has been obtained.

The House recedes with a technical amendment.

COVERAGE OF FIREMEN IN STATES NOT SPECIFICALLY LISTED

Amendment No. 51: The Senate amendment added to the House bill a new section (120), amending section 218(p) of the Social Security Act to allow social security coverage to be extended to firemen under a State or local retirement system in a State not designated by name (in section 218(p)) as one which is permitted to cover policemen and firemen, if the Governor of the State certifies that the overall benefit protection of the group of firemen which would be brought under social security coverage would be improved by reason of the extension of coverage to the group. Coverage could be extended under this provision only after a favorable referendum in which no person other than a fireman could vote.

The House recedes with a technical amendment.

COVERAGE OF ERRONEOUSLY REPORTED WAGES FOR FORMER STATE OR LOCAL GOVERNMENT EMPLOYEES

Amendment No. 52: The Senate amendment added to the House bill a new section (121), amending section 218(f) of the Social Security Act to permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to specify that whatever retroactive coverage is provided for the current employees of the coverage group will also be provided for former employees with respect to whose earnings amounts representing social security taxes had been erroneously paid in good faith to the Secretary of the Treasury. The retroactive coverage would not apply to any former employee for whom a refund of taxes had been made.

The House recedes with a technical amendment.

COVERAGE OF FEES OF STATE AND LOCAL GOVERNMENT EMPLOYEES AS SELF-EMPLOYMENT INCOME

Amendment No. 53: The Senate amendment added to the House bill a new section (122), amending section 211(c) of the Social Security Act and section 1402(c) of the Internal Revenue Code of 1954 to provide that fees received after 1967 by employees of State or local governments in positions compensated solely on a fee basis and not covered under a State social security agreement will be covered under the self-employment provisions; however, any person in a fee-basis position in 1968 may elect irrevocably (before the due date of his tax return for 1968) not to have the amendment apply to him—i.e., not to have his fees covered under the self-employment provisions. The Senate amendment also added to section 218 of the Social Security Act a new subsection (u) under which any future modification of a State's agreement may cover services in positions compensated solely on a fee basis only if the modification specifically includes such services as covered, and under which a State may remove such services from coverage under the agreement.

The House recedes with a technical amendment.

FAMILY EMPLOYMENT IN A PRIVATE HOME

Amendment No. 54: The Senate amendment added to the House bill a new section (123), amending section 210(a)(3)(B) of the Social Security Act and section 3121(b)(3)(B) of the Internal Revenue

Code of 1954 to extend social security coverage, beginning after 1967, to domestic service in a private home of the employer performed by an individual in the employ of his son or daughter, provided that certain conditions are met. The service in any calendar quarter would be covered only if the employer has living in his home a son, daughter, stepson, or stepdaughter who is under age 18 or whose mental or physical condition requires the personal care and supervision of an adult for at least 4 continuous weeks in the quarter, and the employer either is widowed or divorced (and has not remarried) or has a spouse living in the home who, because of a mental or physical condition, is incapable of caring for the employer's son, daughter, stepson, or stepdaughter for at least 4 continuous weeks in the quarter.

The House recedes with technical amendments.

EMPLOYEES OF THE MASSACHUSETTS TURNPIKE AUTHORITY

Amendment No. 55: The Senate amendment added to the House bill a new section (124), giving the Secretary of Health, Education, and Welfare authority to permit the State of Massachusetts, under such conditions as he deems appropriate, to remove the employees of the Massachusetts Turnpike Authority from social security coverage before the expiration of 2 years after giving advance notice to the Secretary, with the provision that if the employees are thus removed from coverage the State cannot again extend coverage to employees of the Authority.

The House recedes with technical amendments.

METHOD OF PAYMENT TO PHYSICIANS UNDER THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendments Nos. 56, 57, 58, 59, and 60: The House bill amended section 1842(b)(3)(B) of the Social Security Act to provide, in addition to the present receipted bill and assignment methods of payment for physicians' services, an alternative method, effective with respect to bills received after December 31, 1967, under which a physician or other person providing the service could receive payment on the basis of an itemized bill if such bill is submitted in the form and manner and within the time specified by regulation and if the full charge does not exceed the reasonable charge for the service. Under the alternative method payment could be made to the patient if payment is not made to the person providing the service for the reason that the charge exceeds the reasonable charge, the person providing the service does not submit the bill as provided for by regulation, or such person directs that payment be made to the patient. The House bill also provided, with respect to bills received after December 31, 1967, that requests for payment under the supplementary medical insurance program for services reimbursable on a reasonable charge basis must be filed no later than the close of the calendar year after the year in which the service is furnished (service furnished in the last 3 months of a calendar year is deemed to have been furnished in the succeeding calendar year).

The Senate amendments changed present law, effective with respect to claims on which a final determination has not been made on or before the date of enactment, by eliminating the receipted bill method of payment (payment by the patient required before reimbursement)

and by providing that payment can be made either to the patient on the basis of an itemized bill (either receipted or unpaid) or to the physician under the assignment method. The Senate amendments retained the House bill provision which establishes the calendar year limitation for filing medical insurance claims, but made such limitation applicable to bills submitted and requests for payment made on or after April 1, 1968.

The House recedes.

PODIATRISTS

Amendment No. 61: The House bill amended section 1861(r) of the Social Security Act to include within the definition of "physician" a doctor of podiatry or surgical chiropody, but only with respect to functions which he is legally authorized to perform as such by the State in which he performs them. Under the House bill a doctor of podiatry would not be considered a "physician" for purposes of sections 1814(a) and 1835 (relating to certification and recertification of medical necessity under parts A and B of title XVIII) and section 1861(k) (relating to utilization review). Certain services performed by a podiatrist were also excluded for purposes of payment under the hospital and medical insurance programs.

The Senate amendment provided, in addition to those restrictions in the House provision, that a podiatrist would not be considered to be a "physician" for the purposes of subsection (j) (relating to extended care facilities), subsection (m) (relating to home health services), and subsection (o) (relating to home health agencies) of section 1861.

The House recedes.

EXCLUSION OF CERTAIN SERVICES EXCEPT WITH REGARD TO PROSTHETIC LENSES

Amendment No. 62: Section 128 of the House bill amended section 1862(a)(7) of the Social Security Act, which provides that no payment may be made under title XVIII for expenses incurred for routine physical checkups, eyeglasses, eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, or hearing aids or examinations therefor, by adding a provision that no payment may be made for expenses incurred for procedures performed (during the course of any eye examination) to determine the refractive state of the eyes.

The Senate amendment provided that the exclusion added by the House bill is not to apply with respect to expenses incurred for procedures performed in connection with furnishing prosthetic lenses.

The Senate recedes.

TRANSFER OF ALL OUTPATIENT HOSPITAL SERVICES TO SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendment No. 71: Section 129 of the House bill amended the appropriate sections in title XVIII of the Social Security Act to place coverage of all outpatient hospital services in the supplementary medical insurance program.

The Senate amendment made the provisions of the House bill applicable with respect to services furnished after March 31, 1968, rather than December 31, 1967, except that the elimination of the

physician certification requirement with respect to outpatient hospital diagnostic services would apply to services furnished after the date of the enactment of the bill.

The House recesses.

PAYMENT FOR PHYSICAL THERAPY SERVICES FURNISHED TO OUTPATIENTS

Amendment No. 77: Section 133 of the House bill amended section 1861(s)(2) of the Social Security Act to provide supplementary medical insurance coverage of physical therapy furnished to an outpatient, in a residence used as the patient's home, by a hospital or by others under arrangements with the hospital, if such therapy is under the supervision of such hospital. This provision would apply with respect to services furnished after December 31, 1967.

The Senate amendment provided coverage for outpatient physical therapy services furnished by physical therapists employed by or under an agreement with, and under the supervision of, hospitals and other providers of services as well as approved clinics or rehabilitation centers, and local public health agencies that meet standards established by the Secretary of Health, Education, and Welfare relating to health and safety. The patient would not have to be homebound for the physical therapy services to be covered. Payment would be made for such services only when furnished in accordance with a plan, established and periodically reviewed by a physician, that would prescribe the type of physical therapy services to be provided and the amount and duration of such services. The Senate amendment would apply with respect to services furnished after June 30, 1968.

The House recesses with a technical amendment.

BLOOD DEDUCTIBLES

Amendments Nos. 78 and 79: Section 135 of the House bill amended sections 1813(a)(2) (as redesignated by the bill) and 1866(a)(2)(c) of the Social Security Act to provide that equivalent quantities of packed red blood cells shall be treated as blood under the hospital insurance program, and that a patient would have to replace 2 pints of blood for the first pint of blood received (rather than 1 pint as under present law) for purposes of the 3-pint deductible. The House bill also amended section 1833(b) by establishing a 3-pint deductible requirement with respect to blood (or equivalent quantities of packed cells) furnished to an individual during a calendar year under the supplementary medical insurance program.

The Senate amendments deleted the requirement in the House bill that the patient replace, for purposes of the 3-pint deductible, 2 pints of blood for the first pint of blood received.

The House recesses.

EXTENSION BY 60 DAYS DURING INDIVIDUAL'S LIFETIME OF MAXIMUM DURATION OF BENEFITS FOR INPATIENT HOSPITAL SERVICES

Amendment No. 80: Section 137 of the House bill amended section 1812(a)(1) and (b)(1) of the Social Security Act to provide a maximum of 120 days (rather than 90) of inpatient hospital services for an individual during any spell of illness, and amended section 1813(a)(1)

of the act to provide that the amount payable for such services for each day before the 121st day and after the 90th day of a spell of illness will be reduced by a coinsurance amount equal to one-half of the inpatient hospital deductible determined under section 1813(b). (The inpatient hospital deductible is currently established at \$40.)

The Senate amendments provided an individual with a lifetime reserve of 60 days of additional coverage for inpatient hospital care for use after he has exhausted the 90 days of hospital services to which he is entitled during any spell of illness. The coinsurance amount for each such additional day of coverage would equal one-fourth of the inpatient hospital deductible determined under section 1813(b).

The conference agreement contains the Senate provision for a lifetime reserve of 60 additional days, but applies the House provision for a coinsurance amount equal to one-half of the inpatient hospital deductible.

METHOD OF DETERMINING REASONABLE COST FOR PROVIDERS OF SERVICES

Amendment No. 84: The Senate amendment added to the House bill a new section (142), amending section 1861(v)(1) of the Social Security Act by providing that the regulations prescribed by the Secretary of Health, Education, and Welfare for determining the reasonable cost of services under title XVIII shall give a provider of services the option of having the cost of covered services determined on a per diem basis (per diem costs prevailing in a community for comparable quality and levels of services would be taken into account in determining such per diem basis). Cost of services would otherwise be determined on the basis of a per unit, per capita, or other basis insuring the provider reasonable cost reimbursement.

The Senate recedes with the understanding on the part of the conferees for both the Senate and the House that this action is not to be taken as a final decision or prejudgment respecting the issue of reimbursing providers of service under the medicare program by alternative methods to those now employed. Such decisions should not be made until such time as adequate data concerning the actual cost of benefits furnished to medicare beneficiaries have been obtained and made available to Congress. At the present time such data have not been compiled since the actual costs incurred by providers for services furnished to medicare recipients during the first fiscal year of operation of the program have not been finally determined. The Department of Health, Education, and Welfare has been directed to furnish such data to the Committee on Ways and Means and the Committee on Finance as soon as it is available.

ALLOWANCE FOR DEPRECIATION AND INTEREST IN DETERMINING REASONABLE COST UNDER TITLES V, XVIII, AND XIX

Amendment No. 85: The Senate amendment added to the House bill a new section (143), providing that the Secretary of Health, Education, and Welfare would take into account any disapproval by State agencies carrying on planning under the Partnership for Health Act of expenditures (made after June 30, 1970, or an earlier date at the request of a State) by hospitals or other health facilities for substantial capital items. Depreciation and interest attributable to substantial

capital items found not in accordance with a State's overall plan would not be includible as a part of the "reasonable cost" of covered services provided to individuals under titles V, XVIII, and XIX.

The Senate recesses.

STATE AGREEMENTS FOR COVERAGE UNDER THE HOSPITAL INSURANCE
PROGRAM FOR THE AGED

Amendment No. 86: The Senate amendment added to the House bill a new section (144), adding a new section 1818 to the Social Security Act permitting a State to enter into an agreement with the Secretary of Health, Education, and Welfare for the provision of hospital insurance coverage beginning April 1, 1968, for State and local employees, retired or active (and their dependents and survivors), age 65 or over who do not otherwise qualify for medicare hospital insurance protection. A State would reimburse the Federal Hospital Insurance Trust Fund for the actual costs of benefits paid and administrative expenses incurred with respect to these persons. An agreement (either in its entirety or with respect to any one or more coverage groups) could be terminated if the Secretary finds that the State concerned is no longer legally able to comply with the provisions of the agreement. A State may also, at its option, terminate such an agreement.

The Senate recesses.

PROVISIONS FOR BENEFITS UNDER PART A OF TITLE XVIII OF THE
SOCIAL SECURITY ACT FOR PATIENTS ADMITTED PRIOR TO 1968 TO
CERTAIN HOSPITALS

Amendment No. 87: The Senate amendment added to the House bill a new section (145), providing that payment may be made, on the basis of an itemized bill, to an individual entitled to hospital insurance benefits for inpatient hospital services furnished after June 30, 1966, in certain nonparticipating hospitals as a result of admissions occurring before January 1, 1968. The hospital must be licensed as a hospital, have full-time nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. Application for reimbursement under this provision would have to be filed before January 1, 1969, and payment would be limited to 60 percent of room and board charges and 80 percent of hospital ancillary charges for up to 90 days in each spell of illness (subject to cost-sharing provisions in present law) if the hospital formally participates in the hospital insurance program before January 1, 1969, and applies its utilization review plan to the services furnished such individual. If the hospital does not participate before January 1, 1969, payment under this provision would be limited to 20 days in each spell of illness.

The House recesses with technical amendments.

PAYMENT FOR EMERGENCY HOSPITAL SERVICES

Amendment No. 88: The Senate amendment added to the House bill a new section (146), amending section 1861(e) of the Social Security Act to redefine, effective July 1, 1966, the term "hospital" (for purposes of paying for emergency hospital services) to mean an institution which must be licensed as a hospital, have full-time

nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. The requirements under present law with respect to clinical records, medical staff bylaws, and care of patient by a physician are eliminated. The Senate amendment also provided that if the hospital does not bill for emergency hospital services, the patient could be paid 60 percent of the room and board charges and 80 percent of the hospital ancillary charges (or, if the hospital does not make separate charges for routine and ancillary services, two-thirds of the hospital's reasonable charges), subject to deductible and other existing limitations, with respect to hospital admissions occurring after December 31, 1967.

The House recedes with technical amendments.

PAYMENT FOR CERTAIN SERVICES FURNISHED OUTSIDE THE
UNITED STATES

Amendment No. 89: The Senate amendment added to the House bill a new section (147), amending section 1814(f) of the Social Security Act to permit, effective with admissions occurring after March 31, 1968, direct payment of hospital insurance benefits to a resident of the United States for up to 20 days of inpatient hospital services furnished in a country contiguous to the United States by a hospital which is not more than 50 miles from the border of the continental United States. For nonemergency care, the hospital would have to be the nearest suitable one to the patient's residence. Payment would also be made for emergency inpatient services furnished in a foreign hospital within 50 miles of the United States border if the hospital was the closest one suitable for treatment and the emergency necessitating such services occurred no more than 50 miles outside the United States. Benefits would be payable only on the basis of a request for payment by an individual entitled to hospital insurance benefits and only if the foreign hospital met standards that are essentially comparable to those required of hospitals participating under the program in the United States. Subject to appropriate deductibles and other limitations, the amount payable under this provision would be equal to 60 percent of the hospital's reasonable charges for routine services in the room occupied by the individual or in semiprivate accommodations, whichever is less, plus 80 percent of the hospital's reasonable charges for ancillary services, or, if separate charges for routine and ancillary services are not made by such hospital, reimbursement may be made to the patient on the basis of two-thirds of the hospital's reasonable charges but not to exceed the charges that would have been made if the patient had occupied semiprivate accommodations.

The Senate recedes with the understanding that the Departments of Health, Education, and Welfare and State will explore, and report to the Committees on Ways and Means and Finance, the feasibility of entering into reciprocal agreements and arrangements with neighboring nations designed to make medicare benefits available to U.S. citizens who receive necessary hospital care in such nations.

PAYMENT UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM FOR
CERTAIN INPATIENT ANCILLARY SERVICES

Amendment No. 90: The Senate amendment added to the House bill a new section (148), amending section 1861(s) of the Social Security

Act to permit, effective April 1, 1968, payment under the medical insurance program for certain ancillary hospital and extended care facility services, principally X-ray and laboratory services, furnished to inpatients who cannot qualify for payments under the hospital insurance program—for example, in cases where hospital patients have exhausted their eligibility under the hospital insurance program, or when extended care facility patients have not met the 3-day hospitalization requirement.

The House recedes with a technical amendment.

GENERAL ENROLLMENT PERIOD UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendment No. 91: The Senate amendment added to the House bill a new section (149), providing that the general enrollment periods for the supplementary medical insurance program would be placed (beginning with 1969) on an annual rather than a biennial basis, and run from January 1 through March 31, rather than from October 1 through December 31 as under present law. The Secretary would determine and promulgate during December of each year the premium rate for the program which would be applicable for the 12-month period beginning on the following July 1 and would be required to issue a public statement setting forth the actuarial assumptions and other bases upon which he arrived at such rate. Under the Senate amendment persons wishing to disenroll could do so at any time, but such disenrollment would not take effect until the close of the calendar quarter following the quarter in which the notice of disenrollment was filed. The amendment would also substitute a one-time late enrollment charge (up to 3 additional monthly premiums) for the 10 percent premium increase in section 1839(c) of the Social Security Act for those who delay their enrollment in the program, and would modify section 1837(b)(1) to provide that no individual may enroll for the first time under the program unless he does so in a general enrollment period which begins within 3 years after the close of the first enrollment period during which he could have so enrolled.

The House recedes with an amendment providing for the retention of the percentage premium increase provision in present law for those who delay enrollment, and the deletion of the late enrollment charge in the Senate bill.

ELIMINATION OF SPECIAL REDUCTION IN ALLOWABLE DAYS OF INPATIENT HOSPITAL SERVICES FOR PATIENTS IN TUBERCULOSIS HOSPITALS

Amendment No. 92: Section 138 of the House bill provided that the limitation in section 1812(c) of the Social Security Act on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric or tuberculosis hospital at the time he first becomes eligible for benefits under the hospital insurance program would not be applicable to benefits for services in a general hospital if such services are not primarily for the diagnosis or treatment of mental illness or tuberculosis.

The Senate amendment changed the provisions of the House bill by eliminating the provision in present law under which days spent in a tuberculosis hospital by an individual immediately before his initial entitlement to hospital insurance reduced the days of inpatient hospital

coverage for which he is eligible, after entitlement, during his first spell of illness. The Senate amendment would provide that no reduction would occur in such individual's hospital insurance coverage, after initial entitlement, during his first spell of illness, regardless of whether he receives inpatient services in a tuberculosis or general hospital. The Senate amendment retained the House provision with respect to inpatients of psychiatric hospitals.

The House recedes with a technical amendment.

INCLUSION OF OPTOMETRISTS' SERVICES UNDER SUPPLEMENTARY
MEDICAL INSURANCE PROGRAM

Amendment No. 93: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a doctor of optometry but only for the purpose of including his services as medical and other health services covered under the supplementary medical insurance program and only with respect to functions he is authorized to perform by the State in which he practices. The Senate provision also added to section 1862(a) of the Act (relating to items and services excluded from coverage under title XVIII) expenses for an optometrist's services in connection with the detection of eye diseases, or for his referral of an individual to a physician (as presently defined in the act) arising from such services.

The Senate recedes.

INCLUSION OF CHIROPRACTORS' SERVICES UNDER SUPPLEMENTARY
MEDICAL INSURANCE PROGRAM

Amendment No. 94: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a licensed chiropractor but only for the purpose of including his services as medical and other health services covered under the supplementary medical insurance program and only with respect to functions he is legally authorized to perform by the State in which he practices.

The Senate recedes.

INCLUSION OF PSYCHOLOGISTS' SERVICES UNDER SUPPLEMENTARY
MEDICAL INSURANCE PROGRAM

Amendment No. 95: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a licensed or certified psychologist but only for the purpose of including his services as a medical and other health service covered under the supplementary medical insurance program and only with respect to functions which he is legally authorized to perform by the State in which he practices.

The Senate recedes.

OVERPAYMENTS

Amendment No. 98: The Senate amendment added to the House bill a new section (152), amending section 204(a) of the Social Security Act to direct the Secretary of Health, Education, and Welfare to recover benefits overpaid to an individual by withholding benefits payable to him or his estate or to any other person entitled to benefits on the same earnings record, or by requiring a refund from him or his estate, or by any combination of these. A beneficiary who is liable

for repayment of an overpayment, whether the overpayment was made to him or to another person, would qualify for waiver of recovery of the overpaid amount if he is without fault and meets the other conditions prescribed in the law. (Underpayments would be paid to the underpaid beneficiary, or, if he has died, to other persons in accordance with section 204(d) of the Act as amended by the bill (see Senate amendment No. 100).)

The House recedes with a technical amendment.

BENEFITS PAID ON THE BASIS OF ERRONEOUS REPORTS OF DEATH IN MILITARY SERVICE

Amendment No. 99: The Senate amendment added to the House bill a new section (153), further amending section 204(a) of the Social Security Act to make benefits paid on the basis of an official report of the death of an active-duty serviceman in line of duty, issued by the Department of Defense, lawful payments even though it is later determined that the serviceman is still alive.

The House recedes with a technical amendment.

UNDERPAYMENTS

Amendment No. 100: Section 152 of the House bill amended section 204(d) of the Social Security Act to provide that cash benefits due a beneficiary at the time of his death are to be paid in the following order or priority:

- (1) To his surviving spouse entitled to benefits on the same earnings record as he was, or
- (2) to his child or children (in equal parts) entitled on that earnings record, or
- (3) to his parent or parents (in equal parts) entitled on that earnings record, or
- (4) to the legal representative or his estate, or
- (5) to his surviving spouse not entitled to benefits on the same earnings record as he was, or
- (6) to his child or children (in equal parts) not entitled on that earnings record.

If none of these persons exist, no payment would be made.

Section 152 of the House bill also amended section 1870 of the Act to provide that unpaid medical insurance benefits are to be settled as follows: Where a beneficiary who has received services for which payment is due him dies, and the bill for such services has been paid but reimbursement under the medical insurance program has not been made, payment of the medical insurance benefits would be made to the person who paid the bill. If payment could not be made to that person, payment would be made to the legal representative of the deceased beneficiary's estate, if there is one—otherwise to relatives of the deceased individual in the following order of priority:

- (1) To his surviving spouse living with him at the time of his death, or
- (2) to his surviving spouse entitled to benefits on the same earnings record as he was, or
- (3) to his child or children (in equal parts).

If none of these persons exist, no payment would be made.

A further provision, not affected by the Senate amendment, authorized the Secretary to settle claims for unpaid medical insurance bene-

fits, in cases where the bill for covered services had not been paid, by making payment to the physician or other person who provided the services, but only if such physician (or other person) agrees to accept the reasonable charge for the services as his full charge.

The Senate amendment modified section 152 of the House bill to provide the following uniform order of priority for both cash benefits and medical insurance benefits due after the beneficiary's death (except that any medical insurance benefits would of course be paid first to the person who paid for the services involved, or, if that person is the deceased beneficiary himself, to the legal representative of his estate if there is one):

- (1) To the surviving spouse of the deceased individual if she was either living with him at the time of his death or entitled to benefits on the same earnings record as he was, or
- (2) to his child or children (in equal parts) entitled to benefits on that earnings record, or
- (3) to his parent or parents (in equal parts) entitled on that earnings record, or
- (4) to his surviving spouse if she was neither living with him nor entitled to benefits on that earnings record, or
- (5) to his child or children not entitled on that earnings record, or
- (6) to his parent or parents not entitled on that earnings record, or
- (7) to the legal representative of his estate, if any, or
- (8) to any person or persons related to him by blood, marriage, or adoption who may be determined by the Secretary to be the proper person or persons to receive the payment due.

The House recedes with amendments (1) directing payment of supplementary medical insurance benefits to the person who paid the bill for the services involved (ahead of all the other categories) even though the payment of such bill occurred after the beneficiary's death, and (2) eliminating the Senate provision which authorized payment of benefits to persons related to the beneficiary by blood, marriage, or adoption where there is no one to pay in any of the first seven categories.

DEFINITION OF DISABILITY

Amendment No. 109: Under existing law, the term "disability" is defined in general as inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last at least 12 months.

Section 156 of the House bill amended section 223 (and related provisions) of the Social Security Act so as to clarify the definition by providing guidelines emphasizing the role of medical standards in determining disability so that an individual is not to be considered under a "disability" unless his impairment is of such severity that he is not only unable to do his previous work but cannot (considering his age, education, and work experience) engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the general area where he lives, or whether a specific job vacancy exists for him or he would be hired if he applied for work. The Secretary of Health, Education, and

Welfare is directed to establish criteria which are to be conclusive for determining when work or earnings demonstrate ability to engage in substantial gainful activity. Section 156 also provided a more restrictive definition of disability for disabled widows and widowers than exists in present law for disabled workers; a widow or widower would not be found to be under a disability unless his or her impairments are of a level of severity deemed sufficient to preclude an individual from engaging in any gainful activity (see discussion of Senate amendment No. 27).

The Senate amendment struck out of the House bill the language clarifying the definition of disability, retaining only a technical change, and also eliminated the more restrictive definition applicable to widows and widowers.

The conference agreement contains substantially the provision of the House bill, but includes language designed to clarify the meaning of the phrase "work which exists in the national economy". This language puts into the statute the same meaning of the phrase that was expressed in the reports of both committees. Under the added language, "work which exists in the national economy" means work that exists in significant numbers in the region in which the individual lives or in several regions in the country. The purpose of so defining the phrase is to preclude from the disability determination consideration of a type or types of jobs that exist only in very limited number or in relatively few geographic locations in order to assure that an individual is not denied benefits on the basis of the presence in the economy of isolated jobs he could do.

AMENDMENT TO COMPLY WITH TREATY OBLIGATIONS

Amendment No. 119: The Senate amendment added to the House bill a new section (162), amending sections 228(a) and 1836 of the Social Security Act and section 103(a) of the Social Security Amendments of 1965. Under the Senate amendment, the present 5-year residence requirements that uninsured aliens must meet in order to qualify for hospital insurance benefits or special age-72 cash payments, or to be eligible to participate in the supplementary medical insurance program, will not apply to any individual when their application would be contrary to present treaty obligations of the United States.

The Senate recedes.

EFFECTIVE DATE OF LIMITATION ON PAYMENT OF BENEFITS TO ALIENS OUTSIDE THE UNITED STATES

Amendment Nos. 121, 122, and 123: Section 160 of the House bill amended section 202(t) of the Social Security Act to provide that the present 40-quarters-of-coverage and 10-years-residence exceptions to the provision requiring the withholding of benefits from aliens outside the United States are not to apply to aliens who are citizens of a country that has a social insurance or pension system of general applicability under which benefits are denied to otherwise eligible Americans while they are outside of that country, or who are citizens of a country that does not have such a system if at any time during a specified 5-year period benefits to individuals in that country cannot be paid because of the Treasury ban on payments to Communist-controlled countries. This change was made applicable for and after the sixth month following enactment.

Section 160 of the House bill also prohibited payment of any benefits *for months after enactment* which are withheld on account of the Treasury ban, and provides that past benefits withheld (*through the month of enactment*) may not be paid, if and when the ban ends, in excess of the last 12 months' benefits or to anyone other than the beneficiary or a survivor entitled to benefits on the same earnings record.

The Senate amendment modified section 160 of the House bill to delay the effective dates of these provisions until December 31, 1968.

The conference agreement delays the effective dates of these provisions only until June 30, 1968.

SPECIAL PROVISION IN THE CASE OF CERTAIN CHILDREN

Amendment No. 124: Section 161 of the House bill amended section 203(a) of the Social Security Act to provide that benefits payable to illegitimate children whose entitlement to benefits derives from section 216(h)(3) of the Act as added by the 1965 Amendments may not exceed the difference between the total amount payable to other persons on the same wage record and the family maximum amount.

The Senate amendment modified section 161 of the House bill (1) to provide that where benefits payable on the effective date of the 1965 Amendments were reduced because such a child became entitled to benefits under the provision added by the 1965 Amendments, the benefits will no longer (after February 1968) be so reduced, and (2) to permit the provisions of present law to continue to apply in the case of children who became entitled under section 216(h)(3) after the effective date of the 1965 Amendments or become so entitled in the future.

The conference agreement incorporates in substance the Senate amendment with respect to those on the benefit rolls in the month of enactment and retains the House provision with respect to children becoming entitled to benefits in the future. It also makes appropriate adjustment in effective dates and qualifications to assure their proper coordination.

ADVISORY COUNCIL ON SOCIAL SECURITY

Amendment No. 126: Section 163 of the House bill amended section 706 of the Social Security Act to provide that an Advisory Council on Social Security is to be appointed in February 1969 and in February of every fourth year thereafter (instead of "during 1968 and every fifth year thereafter" as in existing law), and that each such Council is to report no later than January 1 of the year following the year of its appointment. (Section 163 also provided that the Chairman of each such Council is to be appointed by the Secretary; under existing law the Commissioner of Social Security serves as Chairman.)

The Senate amendment modified section 163 of the House bill to provide that the Advisory Council appointed in 1969 and every fourth year thereafter is to be appointed at any time after January 31 rather than "during February" as in the House bill, and will have until the first day of the *second* year following the year of its appointment (as in existing law) to make its report including any interim reports it might have issued.

The House recedes with a technical amendment.

DISCLOSURE TO COURTS OF THE WHEREABOUTS OF CERTAIN INDIVIDUALS

Amendment Nos. 130 and 131: Section 166 of the House bill provided that, upon request, the Secretary of Health, Education, and Welfare is to furnish an appropriate court with the most recent address of a deserting father (or his employer) if the court requests the information in connection with a support or maintenance order for a child.

The Senate amendment modified section 166 of the House bill so as to assure that information regarding the runaway parent's whereabouts will also be available to courts in interstate support or maintenance proceedings.

The House recedes.

EXPEDITED BENEFIT PAYMENTS

Amendment No. 141: The Senate amendment added to the House bill a new section (172), amending section 205 of the Social Security Act to provide for expedited payment of claims for monthly benefits on the basis of a written request filed under specified conditions in certain cases where an individual alleges that a benefit due him was not paid.

The House recedes with a technical amendment.

STUDY OF PROPOSED LEGISLATION

Amendment No. 142: The Senate amendment added to the House bill a new section (173), directing the Secretary of Health, Education, and Welfare to study and report to the Congress, on or before January 1, 1969, the effects (including the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry) which might result from enactment of two proposals relating to drugs: (1) a proposal to cover qualified drugs under the supplementary medical insurance program, and (2) a proposal to establish, utilizing a formulary committee, quality and cost control standards for drugs provided under the various Federal-State assistance programs and the hospital insurance program.

The Senate recedes (but a somewhat similar provision is included in section 405 of the bill—see amendment No. 282).

DISABILITY INSURANCE BENEFITS FOR THE BLIND; DEFINITION OF BLINDNESS

Amendment No. 143: The Senate amendment added to the House bill a new section (174), amending section 223 (and related provisions) of the Social Security Act to provide that for purposes of both disability insurance benefits and the disability freeze the term "disability" includes blindness (as defined by the amendment) regardless of whether or not the individual involved can engage (or is engaging) in substantial gainful activity, and also to provide that an individual whose disability is blindness (as so defined) is insured for disability insurance benefits for any month if he had not less than 6 quarters of coverage before the quarter in which such month occurs; such an individual would continue to receive his disability insurance benefits after attaining age 65. (Existing law generally requires an individual to be fully insured and to have 20 quarters of coverage in the 40

quarters ending with the quarter in which the disability begins, with a limited relaxation of the latter requirement in certain cases involving blindness.) The term "blindness" is redefined to mean central visual acuity of 20/200 or less in the better eye, or visual acuity better than 20/200 if accompanied by a limitation of the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

The conference agreement contains the liberalized definition of blindness, but omits the other provisions of the Senate amendment.

CHILD'S INSURANCE BENEFITS WHERE DISABILITY BEGAN BETWEEN 18 AND 22

Amendment No. 144: The Senate amendment added to the House bill a new section (175), amending section 202 of the Social Security Act to permit a child to become entitled to child's insurance benefits on the basis of a disability which began at any time before age 22 (rather than only on the basis of a disability which began before age 18, as required under present law).

The Senate recedes.

ATTORNEYS' FEES

Amendment No. 145: The Senate amendment added to the House bill a new section (176), amending section 206(a) of the Social Security Act to authorize the Secretary of Health, Education, and Welfare to certify payment of attorneys' fees for services rendered in administrative proceedings from past-due benefits of a successful claimant. The amount of the fee so certified in any case would be the smaller of: (A) 25 percent of the total past-due benefits, (B) the amount of the attorney's fee fixed by the Secretary, or (C) the amount agreed upon between the claimant and the attorney.

The House recedes with a technical amendment.

PROGRAMS OF SERVICES FURNISHED TO FAMILIES WITH DEPENDENT CHILDREN

Amendments 146, 147, 149, 153, 157, and 166: Section 201 of the House bill amended title IV of the Social Security Act to require that services be provided under State AFDC plans to assure to the maximum extent possible that children and other family members will enter the labor force so that they will become self-sufficient and for the purpose of reducing the number of births out of wedlock including the offer of family planning services in all appropriate cases and otherwise strengthening family life. The House bill also strengthens services relating to the establishment of paternity, securing support and other specific services. (As under present law, States can secure Federal participation in other services if they choose to provide them.)

The Senate amendments generally accept the provisions of the House bill, appropriately adjusted to reflect the transfer of most of the responsibility for employability services to the Secretary of Labor. They also broaden the provision in existing law which requires a program of services for children so as to include other family members under the State plan. The program is to include any needed child-welfare services, and any other services needed for preserving, rehabilitating, reuniting, or strengthening the family and services that

will assist members of the family toward maximum self-support and personal independence.

The House recedes with amendments which are largely of a technical or conforming nature.

STATE AND LOCAL SINGLE ORGANIZATIONAL UNIT PROVIDING SERVICES UNDER FAMILY PROGRAMS

Amendments Nos. 154, 155, and 167: Section 402(a)(15) of the Social Security Act under section 201(a)(1) of the House bill, required that where the programs of services furnished to families with dependent children are developed and the services provided by the staff of the State or local agency administering the State AFDC plan, the provision of the services must be the responsibility of a single organizational unit in such State or local agency.

Senate amendments Nos. 154 and 155 modified the provisions of the House bill so as to eliminate the single-unit requirement in the case of a local agency while retaining the requirement in cases where it is the State agency that develops and implements the program of services. Senate amendment No. 167 modified section 201(g) of the House bill to provide that if on enactment the State agency responsible for the State AFDC plan is different from the State agency responsible for the State's child-welfare services plan, the requirement for a single organizational unit would not apply for so long as such agencies are different. (See also Senate amendments Nos. 250 through 253.)

The conference agreement retains the House provision requiring a single organizational unit in a local agency as well as in a State agency; it retains the provisions of Senate amendment No. 167 waiving the single organizational unit requirement in cases where at the time of enactment the two State agencies involved are different, and in addition provides a similar waiver for local agencies in cases where at the time of enactment the two local agencies involved in a political subdivision are different.

EARNINGS EXEMPTIONS FOR PUBLIC ASSISTANCE RECIPIENTS

Amendments Nos. 173, 174, 175, and 176: Section 202(b) of the House bill amended section 402(a) of the Social Security Act to require each State under its AFDC plan to exempt all of the earnings of recipients who are under age 16, or who are age 16 to 21 if they are in full-time school attendance, and to exempt the first \$30 of the total of the monthly earnings of the family plus one-third of the remainder of the earnings of the family (including children age 16-21 not in school, the caretaker relative, and any other individual living in the home and taken into account in the determination of need).

Senate amendments Nos. 173 and 174 modified the House bill to provide that all of the earnings of any child receiving AFDC are to be exempted only if the child is a full-time student or a part-time student who is not a full-time employee. Senate amendments Nos. 175 and 176 increased the amount to be exempted from the first \$30 of total monthly earnings plus one-third of the remainder to the first \$50 of total monthly earnings plus one-half of the remainder. The amendments would become effective July 1, 1969, but a State could put them into effect at any time after December 31, 1967.

The House recedes on amendments Nos. 173 and 174, and the Senate recedes on amendments Nos. 175 and 176.

With respect to amendment No. 174, the House recedes with the understanding that in order to qualify for the earnings exemption a part-time student must have a school schedule that is equal to at least one-half of a full-time curriculum.

EXEMPTION OF SUPPORT CONTRIBUTIONS AS EARNED
INCOME OF RECIPIENTS OF AFDC

Amendment No. 178: The Senate amendment added to section 402(a)(8) of the Social Security Act, as amended by section 202 of the House bill, a provision that contributions by an absent parent under a court order for the support of a dependent child receiving AFDC are to be considered as earned income for purposes of determining need and the amount of the assistance payment, subject to the earnings exemptions provided in the bill (see Senate amendments Nos. 173 through 176).

The Senate recedes.

EXEMPTION OF EARNINGS UNDER OLD AGE ASSISTANCE AND AID
TO THE PERMANENTLY AND TOTALLY DISABLED

Amendments Nos. 181, 182, 183, and 184: Senate amendments Nos. 181, 182, and 183 added to section 202 of the House bill provisions amending sections 2(a), 1402(a), and 1602(a) of the Social Security Act to apply the same provisions for exemption of earned income that are incorporated in title IV—i.e., the first \$50 plus one-half of the remainder (under Senate amendments Nos. 175 and 176)—to persons receiving aid or assistance under titles I, XIV, and XVI of the Act. Senate amendment No. 184 modified section 202(d) of the House bill to apply to the determination of need under titles I, X, XIV, XVI, and XIX of the Act the requirement (applicable only to AFDC under the House bill) that States disregard any earned income exemptions which may be provided by other laws.

The Senate recedes on amendments Nos. 181, 182, and 183. The conference agreement contains the provision added by amendment No. 184, with amendments conforming to the Senate recession on the preceding amendments and making the provision effective July 1, 1968.

UNEMPLOYED FATHERS UNDER AFDC

Amendments Nos. 186, 189, 190, 191, 193, and 195: Section 407 of the Social Security Act, as amended by section 203(a) of the House bill, defined an unemployed father (for purposes of determining the eligibility of his children for AFDC) so as to exclude fathers who do not have 6 or more quarters of work in any 13-calendar-quarter period ending within one year prior to the application for aid, and fathers who receive (or are qualified to receive) any unemployment compensation under State law.

The Senate amendments removed these exclusions, and restored the provision of present law under which a State may at its option wholly or partly deny AFDC for any month where the father receives unemployment compensation during the month. (The Senate amendments also removed certain work or training requirements in order to conform with amendment No. 198, and modified the effective date provisions of the House bill.)

The Senate recedes (except on the conforming amendments and effective date provisions).

MANDATORY PROVISION OF AID TO CHILDREN IN NEED BECAUSE OF
FATHER'S UNEMPLOYMENT

Amendment No. 197: The Senate amendment added to section 203 of the House bill a new subsection (c), amending section 402(a) of the Social Security Act to require an approved State plan for AFDC to provide, effective July 1, 1969, for assistance to children in need because of the unemployment of their father as provided in section 407 of the Act. (Section 407 itself, under both the House bill and Senate amendments Nos. 185 through 196, simply gives the States the option of extending their AFDC programs to include these children.)

The Senate recedes.

WORK INCENTIVE PROGRAMS FOR RECIPIENTS OF AFDC

Amendment No. 198: Section 204 of the House bill provided for a community work and training program for all appropriate adults and older children receiving AFDC, to be administered by the welfare agencies. Participation by an individual in the program would be a condition of that individual's eligibility for aid; and if a relative refused without good cause to participate, aid for the children would be denied or if provided would be limited to protective or vendor payments or payments for foster care.

The Senate amendment substituted for the House bill's community work and training program a new work incentive program to be administered by the Department of Labor for AFDC recipients referred by welfare agencies. Those referred would be assigned to regular employment, institutional or work-experience training, or subsidized special work projects, depending upon their experience and qualifications; certain classes of persons for whom any referral would be inappropriate are specifically enumerated. Persons assigned to regular employment would qualify for the earnings exemption provided by section 202 of the bill; and an incentive training allowance of up to \$20 a week would be provided for those assigned to training programs. If an individual refused without good cause (as determined by the Secretary of Labor) to accept work or training, AFDC payments on behalf of the dependent children to such individual would not terminate, and such individual's need could continue to be taken into account for 60 days if he received counseling during that period (but his grant would have to be paid in the form of protective or vendor payments). Mothers or other relatives could not be required to participate in a work program necessitating their absence from home during times when the children are not attending school. Recipients under the District of Columbia's special program of temporary assistance for unemployed parents would be treated the same as recipients of AFDC under a regular unemployed parents program.

The conference agreement contains the provisions of the Senate amendment, with amendments (1) changing the incentive training allowance from \$20 a week to \$30 a month, (2) decreasing the Federal share from 90 to 80 percent of the costs of carrying out the program, (3) eliminating mothers and other relatives who care for pre-school children or children under 16 attending school from the specified classes of persons for whom referral under the program is declared to be inappropriate, (4) removing the provision which would have

allowed the States, under criteria established by the Secretary, to set up other exclusions (the conferees believe that the language which allows the States to define the term "appropriate" gives sufficient flexibility to the States to determine who should be referred to the work incentive program), and (5) providing that if a relative refuses without good cause to accept work or training, AFDC payments on behalf of the dependent children must be made in the form of protective or vendor payments or payments for foster care.

It is the understanding and clear intent of the conferees that the Department of Labor functions in this program will be carried out through the system of State employment service offices.

The conferees noted that the agreed-upon bill contains provisions requiring the Secretary of Labor to make an annual report (the first one due July 1, 1970) on the program, and that the Secretary of Health, Education, and Welfare is to make similar reports (also beginning on July 1, 1970) on programs of the States furnishing services designed to make it possible for AFDC recipients to take work or training. The conferees intend to watch very closely the administration of this program and the emerging experience gained under it.

At the request of the conferees, the Department of Labor furnished its estimates, based upon the provisions of the bill agreed to by the conference committee, concerning expenditures for work and training activities under the program, the numbers of persons who could be trained and located in employment, and reductions in Federal expenditures under the AFDC program which will result from these activities. These estimates are shown in the following table furnished by the Department of Labor.

WORK-TRAINING IMPACT

Fiscal year	Work-training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) ¹	Full-time job placements after training (thousands)
1968.....	\$30	-----	27	-----
1969.....	² 129	—\$11	110	13
1970.....	165	—63	150	55
1971.....	209	—145	190	75
1972.....	308	—257	280	95
Total.....	841	—476	757	238

¹ Does not include recipients on priority III work projects.

² Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

FEDERAL PARTICIPATION IN PAYMENTS FOR FOSTER CARE OF CERTAIN DEPENDENT CHILDREN

Amendments Nos. 200 and 201: Section 205 of the House bill amended title IV of the Social Security Act to authorize Federal participation in payments for foster care of certain dependent children under the AFDC program to the extent that such payments do not exceed an average of \$100 per month, effective with respect to foster care provided after September 1967.

Senate amendment No. 200 reduced this figure to \$50, and Senate amendment No. 201 made the provision effective with respect to foster care provided after December 1967.

The Senate recedes on amendment No. 200, and the House recedes on amendment No. 201.

EMERGENCY ASSISTANCE FOR CERTAIN NEEDY FAMILIES WITH CHILDREN

Amendments Nos. 207, 208, and 212: Section 206 of the House bill amended title IV of the Social Security Act to provide that the Federal Government will participate in State expenditures under a program for emergency assistance to certain needy families with children which is furnished for not more than 30 days in any 12-month period.

Senate amendment No. 207 extended to 60 days in any 12-month period the period for which Federal sharing as provided in the House bill may be available. Senate amendment No. 208 excluded from such Federal sharing expenditures for children whose destitution or need for living arrangements arose because the child or the caretaker relative refused without good cause to accept employment or training for employment. Senate amendment No. 212 added a provision making it clear that the emergency assistance so authorized may be provided to migrant workers with families in the State or in a part or parts of the State designated by the State.

The Senate recedes on amendment No. 207, and the House recedes on amendments Nos. 208 and 212.

PROTECTIVE AND VENDOR PAYMENTS WITH RESPECT TO DEPENDENT CHILDREN

Amendment No. 213: Section 207 of the House bill, which authorized Federal sharing under the AFDC program in vendor payments made directly to a person furnishing goods and services as well as in protective payments made to another individual who is interested in or concerned with the welfare of the child or caretaker relative, struck out the provision of present law limiting the number of individuals receiving protective payments who may be included as AFDC recipients for any month to 5 percent of the number of other AFDC recipients for the month.

The Senate amendment retained the limit (which would now apply to vendor payments as well as protective payments) but increased it from 5 to 10 percent. The Senate amendment also eliminated the House provision for the inclusion of protective and vendor payments as AFDC without regard to certain specified conditions in cases where the child or caretaker relative refuses without good cause to accept employment or training.

The conference agreement contains the Senate provision retaining the limit and increasing it from 5 to 10 percent, but excludes from the computation of the 10 percent any individuals with respect to whom protective or vendor payments are required because of refusal without good cause to accept work or training.

LIMITATION ON NUMBER OF CHILDREN WITH RESPECT TO WHOM FEDERAL PAYMENTS MAY BE MADE

Amendment No. 214: Section 208 of the House bill amended section 403 of the Social Security Act to provide that the number of children receiving AFDC with Federal financial participation in any State for any quarter after 1967 because of the absence of a parent from the home may not represent a proportion of the total under-21 population

of the State at the beginning of the year involved which is larger than the corresponding proportion for the first quarter of 1967.

The Senate amendment removed this limitation from the bill.

The conference agreement includes the House provision, but bases the limitation on the number of children under 18 receiving aid as compared to the total under-18 population of the State instead of taking into account children up to 21, uses the first quarter of 1968 instead of the first quarter of 1967 as the base quarter for purposes of the comparison, and makes the limitation effective after June 30, 1968, instead of after December 31, 1967.

FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO HOMES OWNED BY RECIPIENTS OF AID OR ASSISTANCE

Amendments Nos. 217, 219, and 220: Section 209 of the House bill added to title XI of the Social Security Act a new section 1119, authorizing 50-percent Federal financial participation under specified conditions in expenditures not in excess of \$500 for repairs to a home owned by an aged, blind, or permanently and totally disabled recipient of aid or assistance under title I, X, XIV, or XVI of the Act.

The Senate amendment extended this provision to include the same Federal financial participation in home repair expenditures for recipients of AFDC under title IV of the Act.

The House recedes.

USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS IN PROVIDING SERVICES TO INDIVIDUALS APPLYING FOR AND RECEIVING ASSISTANCE

Amendment No. 221: The Senate amendment added to the House bill a new section (209), amending sections 2, 402, 1002, 1402, 1602, and 1902 of the Social Security Act to require each State plan for public assistance under title I, X, XIV, XVI, and XIX, and part A of title IV, to provide for the training and use of paid subprofessional staff as community aides in the administration of the plans, and for the use of nonpaid or partially-paid volunteers in a social service volunteer program in providing services to recipients and assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 249 and 271.)

The House recedes with a technical amendment.

SIMPLICITY OF ADMINISTRATION

Amendment No. 222: The Senate amendment added to the House bill a new section (210), amending sections 2, 402, 1002, 1402, and 1602 of the Social Security Act to require that a State's methods of administering its State plans approved under titles I, X, XIV, and XVI, and part A of title IV, be such as to assure that eligibility for and the extent of aid or assistance under the plans will be determined in a manner consistent with simplicity of administration and the best interests of the recipients.

The Senate recedes.

LOCATION OF CERTAIN PARENTS WHO DESERT OR ABANDON DEPENDENT
CHILDREN; ESTABLISHMENT AND COLLECTION OF LIABILITY TO THE
UNITED STATES

Amendment No. 223: The Senate amendment added to the House bill a new section (211), amending title IV of the Social Security Act and chapter 64 of the Internal Revenue Code of 1954 to require that State plans for AFDC provide for the use of certain procedures for obtaining information through the files of the Department of Health, Education, and Welfare and the Internal Revenue Service and for the use of such information in the location of a parent against whom a court order has been issued or a petition filed for an order for the support of his children receiving aid; to require inter-State cooperation in securing compliance with a court order issued against a deserting parent; and to establish a procedure under which a deserting parent could become liable to the United States for the Federal share of the AFDC payments made for his children, or, if lower, for any unpaid portion of such a support order, which would be subject to collection by the Secretary of the Treasury.

The conference agreement contains the provisions of the Senate amendment on obtaining information for use in locating parents and on securing compliance with court support orders, but omits the provisions relating to the establishment and collection of liability to the United States.

PROVISION OF SERVICES BY OTHERS THAN A STATE

Amendment No. 224: The Senate amendment added to the House bill a new section (212), amending sections 3(a), 1003(a), 1403(a), and 1603(a) of the Social Security Act to permit the Secretary to make exceptions from the usual requirement that services (under a State plan approved under title I, X, XIV, or XVI of the Act) be obtained only from the State or local agency administering the plan or from certain other designated State agencies, in order to authorize the purchase of such services from other agencies and persons. (Section 201(d) of the House bill, which was not changed in substance by the Senate amendments, amended section 403(a) of the Act to provide that, except to the extent specified by the Secretary, child-welfare services, family planning services, and family services under a State plan for AFDC approved under title IV of the Act may be obtained from sources other than the designated State and local agencies.)

The House recedes with a technical amendment.

INCREASING INCOME OF RECIPIENTS OF ASSISTANCE

Amendment No. 225: The Senate amendment added to the House bill a new section (213), amending sections 2, 1002, 1402, and 1602 of the Social Security Act (effective July 1, 1968) to require each State to adjust its standards for determining need, the extent of its aid or assistance, and the maximum amount of the aid or assistance payable under its plans approved under titles I, X, XIV, and XVI so that the total aid or assistance and other income per recipient will be no less than \$7.50 per month above the total aid or assistance and other income per recipient under the standards and maximums applicable on December 31, 1966 (or on June 30, 1966, in the case of States with

statutory cost-of-living adjustments). The new section also amended section 402(a) of the Act to require that by July 1, 1969, and annually thereafter, each State (under its plan for AFDC approved under title IV) must adjust its standards so as to reflect current living costs and make proportionate adjustments in any maximums on the amount of aid.

Under the conference substitute, each State (under its plans approved under titles I, X, XIV, and XVI) would be authorized to disregard up to \$7.50 per month (instead of \$5 per month as under present law) of any income of a recipient, in addition to any amounts which the State agency is otherwise authorized to disregard. Under the agreement, the new section 402(a) provision (for adjustments to reflect living costs) would require States to make only one adjustment before July 1, 1969, after which date the provision would not apply.

LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL ASSISTANCE

Amendment No. 226: Section 220 of the House bill amended section 1903 of the Social Security Act to limit Federal financial participation in medical assistance in any State to expenditures for families whose income does not exceed a level equal to 133½ percent of the AFDC title IV payment level, or in the alternative (if lower) 133½ percent of the State's per capita income applied to a family of four. (For the period July–December 1968, the percentages are 150, and for the calendar year 1969, 140, in the case of States whose plan was approved before July 26, 1967.)

The Senate amendment modified section 220 of the House bill to set the limiting income level at 150 percent of the old-age assistance (title I or XVI) standard, and reduced the Federal matching share in expenditures for the medically indigent to the square of the fraction equivalent to the Federal medical assistance percentage. (The income limit would be effective July 1, 1968, and the reduced Federal share on July 1, 1969, except in the case of Puerto Rico, Guam, and the Virgin Islands).

The Senate recedes with amendments (1) exempting needy persons receiving or eligible for aid or assistance from the limitation, and (2) eliminating the alternative limitation based on the State's per capita income.

MAINTENANCE OF STATE EFFORT

Amendments Nos. 227, 228, 229, and 230: Section 221 of the House bill amended section 1117 of the Social Security Act to give States additional alternatives for measuring State effort under the provisions designed to assure that States maintain their fiscal effort after new Federal funds become available during a period expiring July 1, 1969.

The Senate amendments modified section 221 of the House bill by advancing the expiration date of the section 1117 period to June 30, 1968. They also amended section 1117 so that its provisions are applicable to quarters beginning after June 30, 1966, rather than after December 31, 1965.

The House recedes.

EXTENSION OF TIME TO MODIFY SECTION 1843 AGREEMENTS TO COVER
SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFICIARIES

Amendment No. 231: The Senate amendment modified section 222 of the House bill (relating to coordination of title XIX and the supplementary medical insurance program) to extend from January 1, 1968, to January 1, 1970, the period within which a State may request a modification of its agreement under section 1843 of the Social Security Act so as to cover under such agreement individuals (otherwise eligible) who are entitled to social security or railroad retirement benefits.

The House recesses.

REQUIRED SERVICES UNDER STATE MEDICAL ASSISTANCE PLAN

Amendment No. 233: Section 224 of the House bill amended section 1902(a)(13) of the Social Security Act to permit a State, as an alternative to providing the basic 5 items of services required under present law, to provide any 7 of the first 14 services listed in the law (section 1905(a) of the Act).

The Senate amendment modified section 224 of the House bill to require the States to continue to provide the basic 5 services for all money payment recipients; for the medically indigent, States would be allowed to select either the basic 5 or any 7 out of the first 14 services listed, except that if nursing home or hospital care services are selected a State must also provide physician's services in these institutions. After July 1, 1970, home health services would have to be provided to assistance recipients eligible for skilled nursing home care. The Senate amendment also required a State medical assistance plan to provide for the payment of the reasonable cost (under section 1861(v)(i) of inpatient hospital services, and, effective July 1, 1970, of extended care (skilled nursing home and intermediate care facility) services and home health care services provided under the plan. (Present law requires the payment of reasonable cost only in the case of inpatient hospital services.)

The conference agreement contains the Senate provisions except those requiring payment of reasonable costs for extended care and home health services. It is the judgment of the managers for the House that adequate information concerning actual costs in this area is not yet available and that the method of making payment for such costs should not be changed until such information has been obtained.

FREE CHOICE BY INDIVIDUALS ELIGIBLE FOR MEDICAL ASSISTANCE

Amendments Nos. 234 and 235: Section 227 of the House bill amended section 1902(a) of the Social Security Act to assure that any individual eligible for medical assistance will be free to obtain such assistance from the qualified institution, agency, or person of his choice.

The Senate amendments modified the House provision to include community pharmacies and drugs among the providers and services with respect to which free choice is assured. (See also Senate amendment No. 295.)

The House recesses.

DIRECT PAYMENTS TO CERTAIN RECIPIENTS OF MEDICAL ASSISTANCE

Amendment No. 236: Section 230 of the House bill amended section 1905(a) of the Social Security Act to permit States to make direct payments to recipients of medical assistance to meet the cost of physicians' services to individuals not receiving cash assistance.

The Senate amendment modified section 230 of the House bill to permit States to include dentists' as well as physicians' services and to include cash assistance recipients as well as medically needy persons, under safeguards prescribed by the Secretary to assure quality and reasonableness of charge.

The conference substitute contains the Senate provision including dentists as well as physicians under the direct payment procedure, but omits the Senate provision extending the procedure to cash assistance recipients and providing for prescribed safeguards.

OBSERVANCE OF RELIGIOUS BELIEFS

Amendment No. 237: The Senate amendment added to the House bill a new section (232), providing (in a new section 1907 of the Social Security Act) that no individual will be compelled by reason of anything in title XIX to undergo medical screening, examination, diagnosis, treatment, or other care which is contrary to his religious beliefs (other than for the purpose of discovering or preventing the spread of infection or contagious disease or for the purpose of protecting environmental health).

The House recedes.

COVERAGE UNDER TITLE XIX OF CERTAIN SPOUSES OF INDIVIDUALS RECEIVING CASH WELFARE AID OR ASSISTANCE

Amendment No. 238: The Senate amendment added to the House bill a new section (233), amending section 1905(a) of the Social Security Act to permit a State to make medical assistance available under title XIX to the spouse of a recipient of cash assistance under title I, X, XIV, or XVI if the State determines that the spouse is essential to the well-being of the cash recipient.

The House recedes.

INSPECTION OF RECORDS AND PREMISES OF PROVIDERS OF CARE AND SERVICES UNDER PUBLIC ASSISTANCE AND MEDICAL ASSISTANCE

Amendment No. 239: The Senate amendment added to the House bill a new section (234), amending sections 2(a), 402(a), 1002(a), 1402(a), 1602(a), and 1902(a) of the Social Security Act to require State plans (approved under titles, I, IV, X, XIV, XVI, and XIX) to provide for agreements with providers of medical care and services giving the General Accounting Office and the Department of Health, Education, and Welfare such access to the records and premises of the providers as may be necessary to assure that proper payments are being made under the plan and otherwise to carry out the purposes of the program involved.

The Senate recedes.

STANDARDS FOR SKILLED NURSING HOMES FURNISHING SERVICES UNDER
STATE PLANS APPROVED UNDER TITLE XIX

Amendment No. 240: The Senate amendment added to the House bill a new section (234a), amending section 1902(a) of the Social Security Act to require State plans for medical assistance under title XIX to provide for a regular program of professional medical review and periodic inspection with respect to care furnished title XIX patients in skilled nursing homes and mental hospitals, and to provide that skilled nursing homes receiving payments under title XIX meet certain conditions including requirements pertaining to health care, environment, sanitation, and fire and safety. All persons and institutions providing services under the title XIX plan must agree to keep appropriate records and furnish the State agency with information. Assistance payments with Federal participation could not be made after June 30, 1968, to homes not meeting States' requirements for licensure.

The House recedes with a technical amendment.

COST SHARING AND SIMILAR CHARGES WITH RESPECT TO INPATIENT
HOSPITAL SERVICES FURNISHED UNDER TITLE XIX

Amendment No. 241: Under existing law States may not impose any deductibles or cost-sharing with respect to inpatient hospital services provided under the medical assistance program. The Senate amendment added to the House bill a new section (234(b)), amending section 1902(a) of the Social Security Act to permit a State to impose deductibles or cost-sharing with respect to inpatient hospital services received by the medically needy (but, as under present law, not with respect to services received by money payment recipients). It also removed the requirement that the full cost of deductibles under the hospital insurance program (title XVIII(A)) be met under the title XIX medical assistance program.

The House recedes with technical amendments.

STATE PLAN REQUIREMENTS REGARDING LICENSING OF ADMINISTRATORS OF SKILLED NURSING HOMES FURNISHING SERVICES UNDER
STATE PLANS APPROVED UNDER TITLE XIX

Amendment No. 242: The Senate amendment added to the House bill a new section (234c), amending title XIX of the Social Security Act to require State plans for medical assistance to include a State program which meets specified conditions for the licensing of administrators of nursing homes. Administrators who did not qualify initially would have until July 1, 1972, to qualify, and the States would be required to offer programs of training to assist administrators to qualify.

The House recedes with technical amendments.

UTILIZATION AND COST OF CARE AND SERVICES FURNISHED UNDER
TITLE XIX

Amendment No. 243: The Senate amendment added to the House bill a new section (234d), amending section 1902(a) of the Social Security Act to require an approved State plan for medical assistance

under title XIX to provide such methods and procedures relating to the utilization of and payment for care and services under the plan as may be necessary to safeguard against unnecessary utilization of such care and services.

The conference agreement contains the Senate provision, and adds a requirement that methods and procedures must also be provided to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care. It is the understanding of the conferees for the House that this provision does not authorize price fixing of drugs by the Secretary of Health, Education, and Welfare.

DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY UNDER TITLE XIX

Amendment No. 244: The Senate amendment added to the House bill a new section (234e), amending section 1902(a)(17) of the Act to require a State's plan for medical assistance under title XIX to provide for flexibility in the application of its standards for determining eligibility for and the extent of medical assistance in the case of medically needy individuals, by establishing differences in income levels which recognize variations in shelter costs between urban and rural areas.

The House recedes with an amendment to allow, rather than require, States to establish such differences.

CHILD-WELFARE SERVICES APPROPRIATION

Amendments Nos. 245 and 246: Section 420 of the Social Security Act, as added by section 235(c) of the House bill, authorized the appropriation for child-welfare services of \$100,000,000 for the fiscal year ending June 30, 1969, and \$110,000,000 for each fiscal year thereafter.

The Senate amendment increased these authorizations to \$125,000,000 for the fiscal year ending June 30, 1969, and \$160,000,000 for each fiscal year thereafter.

The Senate recedes.

DAY CARE STANDARDS APPLICABLE TO AFDC CHILDREN

Amendment No. 247: Section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, included certain requirements with respect to day care services provided under the State's plan for child-welfare services.

The Senate amendment modified the House bill to make these requirements applicable to all day care services provided under title IV of the Act—i.e., to services provided under the AFDC program as well as those provided under the child-welfare services program.

The House recedes.

PARENT INVOLVEMENT IN DAY CARE

Amendment No. 248: The Senate amendment modified section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, to include a requirement that a plan for day care services

under title IV of the Social Security Act provide for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child.

The House recedes.

USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS

Amendment No. 249: The Senate amendment modified section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, to require that no later than July 1, 1969, a State plan for child-welfare services must provide for the training and effective use of paid subprofessional staff (with particular emphasis on full or part time employment of persons of low income) as community service aides, in the administration of the plan, and for the use of nonpaid or partially paid volunteers in providing services and in assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 221 and 271.)

The House recedes.

MODIFICATION OF SINGLE STATE OR LOCAL AGENCY REQUIREMENTS UNDER CHILD-WELFARE SERVICES PROGRAM

Amendment Nos. 250, 251, and 253: Section 235(d) of the House bill amended section 422(a) of the Social Security Act (as added by section 235(c) of the bill) to require States to furnish child-welfare services to children receiving AFDC through a single organizational unit in the State and local agency; and section 235(e) of the House bill made this amendment effective July 1, 1968.

Senate amendments Nos. 250 and 251 modified section 235(d) of the House bill to maintain the single-unit requirement with respect to the State agency but eliminate it with respect to the local agency. Senate amendment No. 253 modified section 235(e) of the House bill to provide that where different State agencies are administering the plan for child-welfare services and the plan for AFDC as of the date of enactment of the bill, the requirement for administration by the same State agency will not be applicable. (See also discussion of Senate amendment No. 154 *supra*.)

The conference agreement retains the House provision requiring a single organizational unit in a local agency as well as in a State agency; it retains the provisions of Senate amendment No. 253 waiving the single organizational unit requirement in cases where at the time of enactment the two State agencies involved are different, and in addition provides a similar waiver for local agencies in cases where at the time of enactment the two local agencies involved in a political subdivision are different.

SEPARATE AUTHORIZATION FOR SOCIAL SECURITY RESEARCH PROGRAM

Amendment No. 254: The Senate amendment modified section 246 of the House bill to provide specifically under section 1110 of the Social Security Act for grants for projects such as those relating to the causes of economic insecurity, risks to family income, costs of health care, and improvements in the social security program, so that there might be separate authorizations for cooperative research and

demonstration grant programs for the Social Security Administration and the Social and Rehabilitation Service.

The Senate recedes.

PERMANENT AUTHORITY TO SUPPORT DEMONSTRATION PROJECTS

Amendment No. 255: Section 247 of the House bill (in addition to making the section 1115 program permanent) amended section 1115 of the Social Security Act to increase from \$2 million to \$4 million the annual amount authorized for payments to States to encourage them to develop demonstrations in improved methods of providing services to recipients of aid or assistance under titles I, X, XIV, XVI, and XIX and part A of title IV or in improved methods of administration.

The Senate amendment further increased the annual authorization for this purpose to \$10 million.

The Senate recedes.

STUDY TO DETERMINE WAYS OF ASSISTING RECIPIENTS OF AID OR ASSISTANCE IN SECURING PROTECTION OF CERTAIN LAWS

Amendment No. 257: The Senate amendment added to the House bill a new section (250), directing the Secretary of Health, Education, and Welfare to make a study of means for increasing the effectiveness of State welfare agency staffs in helping applicants and recipients secure the full benefit of health, housing, and related laws and make the most effective use of public assistance and other community programs, and to submit his recommendations in a report to the Congress by July 1, 1969. The study is to include the extent to which the various programs may be used to enforce health, housing, and related laws.

The Senate recedes.

ASSISTANCE IN THE FORM OF INSTITUTIONAL SERVICES IN INTERMEDIATE CARE FACILITIES

Amendment No. 258: The Senate amendment added to the House bill a new section (251), amending title XI of the Social Security Act by providing (in a new section 1121) for Federal financial participation under titles I, X, XIV, and XVI in vendor payments in behalf of certain aged, blind, or permanently and totally disabled individuals whose condition does not require care in a skilled nursing home or hospital but does require living accommodations and institutional care available through intermediate care facilities. Federal matching would, if a State elects, be at the same rate as for medical assistance under title XIX.

The House recedes with amendments providing that (1) intermediate care facilities must meet the safety and sanitation standards applicable to skilled nursing homes, and (2) Christian Science sanatoria may be considered to be intermediate care facilities with respect to such services. It is the intention of the conferees for the House that providing services in intermediate care facilities is not to be taken as authorizing, or acting as a precedent for, the furnishing of custodial care of a type which merely provides, for welfare recipients in the program specified, room and board with no personal or other services.

AUTHORIZATION OF APPROPRIATIONS FOR MATERNAL AND CHILD HEALTH
AND CRIPPLED CHILDREN'S SERVICES

Amendments Nos. 259, 260, 261, and 262: The authorizations for appropriations for the maternal and child health and crippled children's services programs under title V of the Social Security Act, as set forth in section 301 of the House bill and under the Senate amendments, are as follows:

Fiscal year ending—	House bill	Senate amendment
June 30, 1970.....	\$275,000,000	\$305,000,000
June 30, 1971.....	300,000,000	360,000,000
June 30, 1972.....	325,000,000	385,000,000
June 30, 1973, and each fiscal year thereafter.....	350,000,000	410,000,000

The Senate recedes.

EARMARKING OF CHILD HEALTH APPROPRIATION FOR FAMILY PLANNING
SERVICES

Amendment No. 263: The Senate amendment added to section 502 of the Social Security Act, as amended by section 301 of the House bill, a provision earmarking for family planning services the following percentages of appropriations made pursuant to section 501 of the act from allotments for maternal and child health services (sec. 503) and from project funds for maternity and infant care (sec. 508) and research (sec. 512):

For the fiscal year ending:	Not less than
June 30, 1969.....	6 percent.
June 30, 1970.....	15 percent.
June 30, 1971, and thereafter.....	20 percent.

The House recedes with an amendment providing simply that the percentage for any fiscal year shall not be less than 6 percent.

PAYMENT OF REASONABLE COST FOR EXTENDED CARE AND HOME HEALTH
CARE SERVICES UNDER TITLE V PROGRAM

Amendment No. 264: Section 505(a) of the Social Security Act, as amended by section 301 of the House bill, provided for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under a State's plan for maternal and child health services and services for crippled children.

The Senate amendment provided for payment of the reasonable cost (under section 1861(v)(1)) of inpatient hospital services, and, effective July 1, 1970, of extended care services and home health care services provided under the plan.

The Senate recedes.

VOLUNTARY UTILIZATION OF OPTOMETRIC AND FAMILY PLANNING
SERVICES

Amendments Nos. 266 and 267: Senate amendment No. 266 added to section 505(a) of the Social Security Act, as amended by section 301 of the House bill, a new paragraph (13) requiring any approved

State plan for maternal and child health and crippled children's services to provide that where payment is authorized for services which an optometrist is licensed to perform and such services are not rendered either in a clinic or another appropriate institution which has no arrangements with optometrists, the individual for whom such payment is authorized may obtain the services from any optometrist licensed to perform them. It also added to section 505(a) a new paragraph (14), requiring any such plan to provide that acceptance of family planning services provided under the plan will be voluntary and not a prerequisite to eligibility for or the receipt of any service under the plan. Senate amendment No. 267 added to section 508(a) of the Act a new sentence providing that, for purposes of special project grants for maternity and infant care under section 508 and research projects relating to maternal and child health services and crippled children's services under section 512, acceptance of family planning services provided under a project is to be voluntary and not a prerequisite to eligibility for or receipt of any service under the project.

The House recedes with a clarifying amendment.

GRANTS FOR TRAINING OF PERSONNEL FOR HEALTH CARE SERVICES FOR MOTHERS AND CHILDREN

Amendment No. 268: Section 511 of the Social Security Act, as amended by section 301 of the House bill, provided that in making grants for training of personnel for health care and related services for mothers and children the Secretary is to give priority to programs providing training at the undergraduate level. The Senate amendment substituted "special attention" for "priority".

The House recedes; with the understanding that in making future commitments for programs the emphasis shall be on undergraduate training.

OBSERVANCE OF RELIGIOUS BELIEFS

Amendment No. 270: The Senate amendment added to title V of the Social Security Act (as amended by section 301 of the House bill) a new section 515, providing that nothing in title V is to require a State under such title to compel any person to undergo medical screening, examination, diagnosis, treatment, or other care (other than for the purpose of discovering or preventing spread of infection or contagious disease or for protecting environmental health) if such person, or, in the case of a child, his parent or guardian, objects on religious grounds. (See also Senate amendment No. 237.)

The House recedes.

USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS

Amendment No. 271: The Senate amendment added to the House bill a new section (304), amending section 505 of the Social Security Act to require an approved State plan for maternal and child health services and crippled children's services to include, no later than July 1, 1969, provision for the training and effective use of paid subprofessional staff (with particular emphasis on full or part time employment of persons of low income) as community services aides, in the administration of the plan, and for the use of nonpaid or partially paid volunteers in providing services and in assisting advisory com-

mittees. (For a similar requirement under other programs, see Senate amendments Nos. 221 and 249.)

The House recedes.

ADMINISTRATION OF THE PROGRAM FOR SERVICES FOR CRIPPLED CHILDREN

Amendment No. 272: The Senate amendment added to the House bill a new section (305), providing for the administration of the program of services for crippled children through the Children's Bureau (in the Department of Health, Education, and Welfare).

The Senate recedes upon the assurance of the Department that the objective of the amendment has been accomplished administratively.

EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT

Amendment No. 273: The Senate amendment added to the House bill a new section (306), amending section 231(d) of the Social Security Amendments of 1965 to extend from 2 to 3 years after its inauguration the period allowed for completion of the health research and study of resources relating to children's emotional illnesses.

The House recedes with technical amendments.

INCENTIVE FOR IMPROVEMENTS IN THE PROVISION OF HEALTH SERVICES

Amendments Nos. 275, 276, 277, 279, 280, and 281: Section 402 of the House bill authorized the Secretary of Health, Education, and Welfare to experiment in reimbursing in a manner mutually agreed upon those organizations and institutions which furnish health services otherwise covered under titles V, XVIII, and XIX of the Social Security Act on a reasonable cost basis, with a view to developing incentives for economy while maintaining or improving quality in the provision of health services.

The Senate amendments modified section 402 of the House bill to include experiments with respect to reimbursement in a manner mutually agreed upon for physicians' services (which would otherwise be covered on a reasonable charge basis).

The House recedes with an amendment providing that the Secretary may not enter into such experiments before receiving the advice of competent specialists with respect to the soundness of such experiments and the adequacy of resources to carry them out; but it is understood that the Department under no circumstances will experiment on the basis of employment of physicians by the Government.

STUDIES BY SECRETARY

Amendment No. 282: The Senate amendment added to the House bill a new section (405), authorizing and directing the Secretary of Labor, in consultation with the Secretary of Health, Education, and Welfare and with other government departments and agencies and appropriate organizations and individuals, to conduct a study and investigation of various proposals for family allowances and child allowances. Consideration would be given to the effect of such proposals on the various Federal-State assistance programs and any

savings which might accrue therefrom, and a report submitted to the President and the Congress by January 15, 1969.

The conference agreement omits the provision for a study by the Secretary of Labor of family and child allowances proposals, and provides instead for a study by the Secretary of Health, Education, and Welfare of (1) the existing retirement test and proposals for its modification (including proposals for increasing old-age insurance benefits on account of delayed retirement), (2) quality and cost standards for drugs for which payments are made under the Act, and (3) drug coverage under supplementary medical insurance (see amendments Nos. 43 and 142). The Secretary would report on this study by January 1, 1969.

INCOME TAX DEDUCTION OF EXPENSES FOR MEDICAL CARE OF INDIVIDUALS WHO HAVE ATTAINED AGE 65

Amendment No. 284: The Senate amendment added to the House bill a new section (501), amending section 213 of the Internal Revenue Code of 1954 to restore in substance the pre-1965-Amendments rule for computing the amount of the income tax deduction for medical and related expenses in the case of a taxpayer who has attained age 65 or whose spouse, parent, or spouse's parent has attained age 65. Under present law, a taxpayer's medical expenses are deductible only to the extent that they exceed 3 percent of his adjusted gross income, and the cost of medicine and drugs may be taken into account only to the extent that it exceeds 1 percent of his adjusted gross income, regardless of the age of the taxpayer or of any other member of his family; under the Senate amendment (effective for taxable years beginning after 1966) the 3-percent and 1-percent limitations will not apply to expenses paid for the care of the taxpayer and his spouse if either of them has attained age 65 by the end of the year, or to expenses paid for the care of a dependent age 65 or over who is the father or mother of either the taxpayer or his spouse. (The special \$150 allowance for insurance, added in 1965, is continued.)

The Senate recedes.

TAX-EXEMPT STATUS OF CERTAIN HOSPITAL SERVICE ORGANIZATIONS

Amendment No. 285: The Senate amendment added to the House bill a new section (502), amending section 501 of the Internal Revenue Code of 1954 to provide that an organization is to be treated as a tax-exempt hospital for all of the purposes of the Code if it is organized and operated on a cooperative basis (with all of its capital stock, if any, owned by its patrons) exclusively to perform services for tax-exempt private or public hospitals and such services are of a type which would constitute an integral part of the exempt activities of a tax-exempt hospital if they were performed by the hospital on its own behalf.

The Senate recedes.

EXTENSION OF PERIOD FOR FILING APPLICATION FOR EXEMPTION BY
MEMBERS OF RELIGIOUS GROUPS OPPOSED TO INSURANCE

Amendment No. 286: The Senate amendment added to the House bill a new section (503), amending section 1402(h) of the Internal Revenue Code of 1954 to provide additional time for persons who have conscientious objections to public and private insurance (including social security), by reason of their adherence to the established tenets or teachings of the religious sect of which they are members, to apply for and be granted exemption from the social security self-employment tax. Under the amendment, an individual may file application for exemption at any time on or before December 31, 1968, if he has self-employment income for any taxable year ending before December 31, 1967. (Under present law, the comparable filing date was April 15, 1966, for taxable years ending before December 31, 1965.) If an individual first receives self-employment income in a taxable year ending on or after December 31, 1967, the application would be timely (as under present law) if filed by the due date for the income tax return for that year; it would also be timely if filed within 3 months following the month in which the individual is first notified by the Internal Revenue Service that a timely application has not been filed.

The House recedes with a technical amendment.

COVERAGE STATUS OF FISHERMEN AND TRUCK LOADERS AND UNLOADERS

Amendment No. 287: The Senate amendment added to the House bill a new section (504), amending section 210 of the Social Security Act and sections 3121 and 3401 of the Internal Revenue Code of 1954 to clarify the employee status of fishermen and truck loaders and unloaders for purposes of social security coverage and income tax withholding. Generally the owner of a fishing boat is to be classified as the employer of the boat's crew members although in certain cases the person leasing or chartering the boat will be considered their employer. In the case of truck loaders and unloaders, the driver of the truck will generally be considered the employer, unless he is an employee of another person, in which event his employer will be considered the employer of the truck loaders and unloaders; an exception is provided where other persons are recognized as the employer. For benefit purposes these provisions were made retroactive so as to preserve the benefit rights of individuals who in the past have been considered by the Social Security Administration and the Internal Revenue Service to be performing services as employees; while for purposes of tax liability (in instances where this liability does not now exist) they would apply prospectively only.

The Senate recedes.

REFUND OF CERTAIN OVERPAYMENTS BY EMPLOYEES OF HOSPITAL
INSURANCE TAX

Amendment No. 288: The Senate amendment added to the House bill a new section (505), amending various provisions of the Internal Revenue Code of 1954 so as to provide that a railroad employee who has wages or self-employment income under the social security pro-

gram as well as his compensation under the railroad retirement program, and who makes contributions for hospital insurance under the two programs on an aggregate amount (compensation, wages, and self-employment income) in excess of the current earnings base, may obtain a refund of his excess contributions (as he would under existing law if each of his jobs were under the social security program) by treating his railroad compensation as wages or self-employment income for hospital insurance tax purposes.

The House recedes with a technical amendment.

JOINT EMPLOYEES OF CERTAIN TAX-EXEMPT ORGANIZATIONS

Amendment No. 289: The Senate amendment added to the House bill a new section (506) to deal with situations where an individual is an employee of two or more tax-exempt organizations providing hospital or medical insurance and where one of the organizations pays all of the wages to the employee for his work for both organizations. In such cases the organization which pays the wages would, with the consent of the other organization, be treated as the employer of the individual with respect to his joint employment.

The Senate recedes.

EXTENSION OF TIME TO PROVIDE ASSISTANCE FOR UNITED STATES CITIZENS RETURNED FROM FOREIGN COUNTRIES

Amendment No. 290: The Senate amendment added to the House bill a new section (507), amending section 1113 of the Social Security Act to extend from June 30, 1968, to June 30, 1969, the authorization of temporary assistance to United States citizens returned from a foreign country because of destitution or illness or because of war, invasion, or similar crisis.

The House recedes with a technical amendment.

SOCIAL SECURITY BENEFIT INCREASE NOT TO BE CONSIDERED INCOME FOR VETERANS' PENSION PURPOSES

Amendment No. 291: The Senate amendment added to the House bill a new section (508), amending sections 415(g) and 503 of title 38 of the United States Code to provide that any increase in monthly social security benefits resulting from the enactment of the bill is not to be counted as income for purposes of determining eligibility for, or the amount of, certain veterans' benefits in the case of an individual who is entitled to monthly social security benefits for the month of the enactment of the bill.

The Senate recedes.

SECOND LIBERTY BOND ACT

Amendment No. 292: The Senate amendment added to the House bill a new section (509), amending the Second Liberty Bond Act to provide that the rates of interest or investment yield on U.S. savings bonds and U.S. savings and retirement bonds issued after 1967 are to be comparable to the going rate on other U.S. Government obligations of similar maturity.

The Senate recedes.

FOSTER CARE FOR CHILDREN

Amendment No. 293: The Senate amendment added to the House bill a new section (510), amending title V of the Social Security Act to establish a new program of Federal grants to States for the provision of financial assistance and needed welfare services to children under foster care in foster family homes and institutions. The Secretary was authorized to make payments to any State with a plan containing specified provisions and approved by him in amounts equal to the State's Federal percentage of the total amount expended for foster care under the plan up to the product of \$50 per month times the number of children in foster care during the month, plus 75 percent for personnel providing services for children in foster care and training of such personnel, and 50 percent for administrative expense.

The Senate recedes.

EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC., PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS

Amendment No. 294: The Senate amendment added to the House bill a new section (511) which amends section 3121(a) and 3306(b) of the Internal Revenue Code of 1954 and section 209 of the Social Security Act to provide, for purposes of the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and the Social Security Act, that the term "wages" does not include any payment or series of payments by an employer to an employee or any of his dependents which is made or begins (1) upon the retirement, death, or disability of the employee, and (2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees, or for such employees or class or classes of employees and their dependents.

The House recedes with an amendment which eliminates from the exception to the definition of wages any payments which would have been made if the employee's employment relationship had not been terminated because of death, retirement for disability, or retirement for age, and which makes various technical and clarifying changes.

DRUG QUALITY AND COST

Amendment No. 295: The Senate amendment added to the House bill a new title VI, consisting of sections 601, 602, and 603. Section 601 amended title XI of the Social Security Act to provide, through a Federally-established formulary committee, for the compilation and publication of a Formulary of the United States and for the determination of those drugs which are appropriate for Federal payment or matching under the various programs contained in the Act. Section 602 (effective July 1, 1970) amended section 1903 of the Act to limit Federal matching for drug costs under the medical assistance program to the "reasonable charge" for "qualified drugs" as determined under the formulary provisions (exempting these drugs furnished by hospitals using approved formulary systems, and drugs furnished by their generic names pursuant to physicians' handwritten prescriptions); it also amended section 1861(v) of the Act to limit Federal payments for drugs furnished to individuals under the health

insurance program in the same way. Section 603 amended the Federal Food, Drug, and Cosmetic Act to provide for the registration numbers assigned to drug manufacturers under existing law to appear on the drug labels of products of such manufacturers.

The Senate recesses.

W. D. MILLS,
CECIL R. KING,
HALE BOGGS,
FRANK M. KARSTEN,
A. SYDNEY HERLONG, Jr.,
JOHN W. BYRNES,
THOS. B. CURTIS,
JAMES B. UTT,
JACKSON E. BETTS,

Managers on the Part of the House.

○

SOCIAL SECURITY AMENDMENTS OF 1967—CONFERENCE REPORT

Mr. MILLS submitted the following conference report and statement on the bill (H.R. 12080) to amend the Social Security Act, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 1030)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 16, 17, 18, 19, 20, 21, 22, 23, 24, 28, 29, 31, 32, 33, 34, 36, 38, 40, 42, 43, 62, 84, 85, 86, 89, 93, 94, 95, 110, 111, 112, 113, 114, 119, 142 144, 154, 155, 170, 171, 172, 175, 176, 177, 178, 179, 181, 182, 183, 185, 189, 192, 197, 200, 207, 216, 222, 239, 245, 246, 250, 251, 254, 255, 257, 259, 260, 261, 262, 264, 272, 284, 285, 287, 289, 291, 292, 293, and 295.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 44, 45, 46, 47, 48, 49, 56, 57, 58, 59, 60, 61, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 75, 76, 78, 79, 81, 82, 83, 101, 102, 104, 106, 108, 115, 117, 118, 130, 131, 133, 147, 148, 149, 150, 151, 152, 153, 156, 159, 160, 161, 162, 163, 164, 165, 166, 168, 169, 173, 174, 187, 188, 193, 194, 195, 196, 199, 201, 202, 203, 204, 205, 206, 208, 209, 210, 211, 212, 215, 217, 218, 219, 220, 227, 228, 229, 230, 232, 234, 235, 237, 238, 247, 248, 249, 252, 256, 264a, 265, 267, 268, 269, 270, 271, 274, 277, 278, 279, 280, 281, and 283, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TABLE OF CONTENTS

"TITLE I—OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

"PART 1—BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

"Sec. 101. Increase in old-age, survivors, and disability insurance benefits.

"Sec. 102. Increase in benefits for certain individuals age 72 and over.

"Sec. 103. Maximum amount of a wife's or husband's insurance benefit.

"Sec. 104. Benefits to disabled widows and widowers.

"Sec. 105. Insured status for younger disabled workers.

"Sec. 106. Benefits in case of members of the uniformed services.

"Sec. 107. Liberalization of earnings test.

"Sec. 108. Increase of earnings counted for benefit and tax purposes.

"Sec. 109. Changes in tax schedules.

"Sec. 110. Allocation to disability insurance trust fund.

"Sec. 111. Extension of time for filing application for disability freeze where failure to make timely application is due to incompetency.

"Sec. 112. Benefits for certain adopted children.

"PART 2—COVERAGE UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAMS

"Sec. 115. Coverage of ministers.

"Sec. 116. Coverage of State and local employees.

"Sec. 117. Inclusion of Illinois among States permitted to divide their retirement systems.

"Sec. 118. Taxation of certain earnings of retired partner.

"Sec. 119. Inclusion of Puerto Rico among States permitted to include firemen and policemen; validation of certain past coverage in the State of Nebraska.

"Sec. 120. Coverage of firemen's positions pursuant to a State agreement.

"Sec. 121. Validation of coverage erroneously reported.

"Sec. 122. Coverage of fees of State and local government employees as self-employment income.

"Sec. 123. Family employment in a private home.

"Sec. 124. Termination of coverage of employees of the Massachusetts Turnpike Authority.

"PART 3—HEALTH INSURANCE BENEFITS

"Sec. 125. Method of payment to physicians under supplementary medical insurance program.

"Sec. 126. Elimination of requirement of physician certification in case of certain hospital services.

"Sec. 127. Inclusion of podiatrists' services under supplementary medical insurance program.

"Sec. 128. Exclusion of certain services.

"Sec. 129. Transfer of all outpatient hospital services to supplementary medical insurance program.

"Sec. 130. Billing by hospital for services furnished to outpatients.

"Sec. 131. Payment of reasonable charges for radiological or pathological services furnished by certain physicians to hospital inpatients.

"Sec. 132. Payment for purchase of durable medical equipment.

"Sec. 133. Payment for physical therapy services furnished to outpatients.

"Sec. 134. Payment for certain portable X-ray services.

"Sec. 135. Blood deductibles.

"Sec. 136. Enrollment under supplementary medical insurance program based on alleged date of attaining age 65.

"Sec. 137. Extension by 60 days during individual's lifetime of maximum duration of benefits for inpatient hospital services.

"Sec. 138. Limitation on special reduction in allowable days of inpatient hospital services.

"Sec. 139. Transitional provision on eligibility of presently uninsured individuals for hospital insurance benefits.

"Sec. 140. Advisory Council to study coverage of the disabled under title XVIII of the Social Security Act.

"Sec. 141. Study to determine feasibility of inclusion of certain additional services under part B of title XVIII of the Social Security Act.

"Sec. 142. Provisions for benefits under part A of title XVIII of the Social Security Act for services to patients admitted prior to 1968 to certain hospitals.

"Sec. 143. Payments for emergency hospital services.

"Sec. 144. Payment under supplementary medical insurance program for certain inpatient ancillary services.

"Sec. 145. General enrollment period under title XVIII.

"Sec. 146. Elimination of special reduction in allowable days of inpatient hospital services for patients in tuberculosis hospitals.

"PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS

"Sec. 150. Eligibility of adopted child for monthly benefits.

"Sec. 151. Criteria for determining child's dependency on mother.

"Sec. 152. Recovery of overpayments.

"Sec. 153. Benefits paid on basis of erroneous reports of death in military service.

"Sec. 154. Underpayments.

"Sec. 155. Simplification of computation of primary insurance amount and quarters of coverage in case of 1937–1950 wages.

"Sec. 156. Definitions of widow, widower, and stepchild.

"Sec. 157. Husband's and widower's insurance benefits without requirement of wife's currently insured status.

"Sec. 158. Definition of disability.

"Sec. 159. Disability benefits affected by receipt of workmen's compensation.

"Sec. 160. Extension of time for filing reports of earnings.

"Sec. 161. Penalties for failure to file timely reports of earnings and other events.

"Sec. 162. Limitation on payment of benefits to aliens outside the United States.

"Sec. 163. Benefits for certain children.

"Sec. 164. Transfer to Health Insurance Benefits Advisory Council of National Medical Review Committee functions; increase in Council's membership.

"Sec. 165. Advisory Council on Social Security.

"Sec. 166. Reimbursement of civil service retirement annuitants for certain premium payments under supplementary medical insurance program.

"Sec. 167. Appropriations to supplementary medical insurance trust fund.

"Sec. 168. Disclosure to courts of whereabouts of certain individuals.

"Sec. 169. Reports of boards of trustees to Congress.

"Sec. 170. General saving provision.

"Sec. 171. Expedited benefit payments.

"Sec. 172. Definition of blindness.

"Sec. 173. Attorneys fees for claimants.

"TITLE II—PUBLIC WELFARE AMENDMENTS

"PART 1—PUBLIC ASSISTANCE AMENDMENTS

"Sec. 201. Programs of services furnished to families with dependent children.

"Sec. 202. Earnings exemption for recipients of aid to families with dependent children.

"Sec. 203. Dependent children of unemployed fathers.

"Sec. 204. Work incentive program for recipients of aid under part A of title IV.

"Sec. 205. Federal participation in payments for foster care of certain dependent children.

"Sec. 206. Emergency assistance for certain needy families with children.

"Sec. 207. Protective payments and vendor payments with respect to dependent children.

"Sec. 208. Limitation on number of children with respect to whom Federal payments may be made.

"Sec. 209. Federal participation in payments for repairs to home owned by recipient of aid or assistance.

"Sec. 210. Use of subprofessional staff and volunteers in providing services to individuals applying for and receiving assistance.

"Sec. 211. Location of certain parents who desert or abandon dependent children.

"Sec. 212. Provision of services by others than a State.

"Sec. 212. Authority to disregard additional income of recipients of public assistance.

"PART 2—MEDICAL ASSISTANCE AMENDMENTS

"Sec. 220. Limitation on Federal participation in medical assistance.

"Sec. 221. Maintenance of State efforts.

"Sec. 222. Coordination of title XIX and the supplementary medical insurance program.

"Sec. 223. Modification of comparability provisions.

"Sec. 224. Required services under State medical assistance plan.

"Sec. 225. Extent of Federal financial participation in certain administrative expenses.

"Sec. 226. Advisory council on medical assistance.

"Sec. 227. Free choice by individuals eligible for medical assistance.

"Sec. 228. Utilization of State facilities to provide consultative services to institutions furnishing medical care.

"Sec. 229. Payments for services and care by a third party.

"Sec. 230. Direct payments to certain recipients of medical assistance.

"Sec. 231. Date on which State plans under title XIX must meet certain financial participation requirements.

"Sec. 232. Observance of religious beliefs.

"Sec. 233. Coverage under title XIX of certain spouses of individuals receiving cash welfare aid or assistance.

"Sec. 234. Standards for skilled nursing homes furnishing services under State plans approved under title XIX.

"Sec. 235. Cost sharing and similar charges with respect to inpatient hospital services furnished under title XIX.

"Sec. 236. State plan requirements regarding licensing of administrators of skilled nursing homes furnishing services under State plans approved under title XIX.

"Sec. 237. Utilization of care and services furnished under title XIX.

"Sec. 238. Differences in standards with respect to income eligibility under title XIX.

"PART 3—CHILD-WELFARE SERVICES AMENDMENTS

"Sec. 240. Inclusion of child-welfare services in title IV.

"Sec. 241. Conforming amendments.

"PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS

"Sec. 245. Partial payments to States.

"Sec. 246. Contracts for cooperative research or demonstration projects.

"Sec. 247. Permanent authority to support demonstration projects.

"Sec. 248. Special provisions relating to Puerto Rico, the Virgin Islands, and Guam.

"Sec. 249. Approval of certain projects.

"Sec. 250. Assistance in the form of institutional services in intermediate care facilities.

"TITLE III—IMPROVEMENT OF CHILD HEALTH

"Sec. 301. Consolidation of separate programs under title V of the Social Security Act.

"Sec. 302. Conforming amendments.

"Sec. 303. 1968 authorization for maternity and infant care projects.

"Sec. 304. Use of subprofessional staff and volunteers.

"Sec. 305. Extension of due date for child mental health report.

"Sec. 306. Short title.

"TITLE IV—GENERAL PROVISIONS

"Sec. 401. Social work manpower and training.

"Sec. 402. Incentives for economy while maintaining or improving quality in the provision of health services.

"Sec. 403. Changes to reflect codification of title 5, United States Code.

"Sec. 404. Meaning of Secretary.

"Sec. 405. Study of retirement test and of drug standards and coverage.

"TITLE V—MISCELLANEOUS PROVISIONS

"Sec. 501. Extension of period for filing application for exemption by members of religious groups opposed to insurance.

"Sec. 502. Refund of certain overpayments by employees of hospital insurance tax.

"Sec. 503. Extension of time to provide assistance for United States citizens returned from foreign countries.

"Sec. 504. Exclusion from definition of wages of certain retirement, etc., payments under employer-established plans."

And the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS"

I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1965 act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)	I (Primary insurance benefit under 1939 act, as modified)		II (Primary insurance amount under 1965 act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage as determined under subsec. (b) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—	If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—			At least—	But not more than—		At least—	But not more than—		
	\$15. 60	\$48. 00 or less		\$74	\$55. 00	\$82. 50			\$124. 20	\$348	\$351	\$140. 40	\$280. 80
\$15. 61	16. 20	49. 00	\$75	76	55. 40	83. 10			125. 20	352	356	141. 50	284. 80
16. 21	16. 84	50. 00	77	78	56. 50	84. 80			126. 30	357	361	142. 80	288. 80
16. 85	17. 60	51. 00	79	80	57. 70	86. 60			127. 40	362	366	144. 00	292. 00
17. 61	18. 40	52. 00	81	81	58. 80	88. 20			128. 40	366	370	145. 10	296. 00
18. 41	19. 24	53. 00	82	83	59. 90	89. 90			129. 50	371	375	146. 40	300. 00
19. 25	20. 00	54. 00	84	85	61. 10	91. 70			130. 60	376	379	147. 60	303. 20
20. 01	20. 64	55. 00	86	87	62. 20	93. 30			131. 70	380	384	148. 90	307. 20
20. 65	21. 28	56. 00	88	89	63. 30	95. 00			132. 70	385	389	150. 00	311. 20
21. 29	21. 88	57. 00	90	90	64. 50	96. 80			133. 80	390	393	151. 20	314. 40
21. 89	22. 28	58. 00	91	92	65. 60	98. 40			134. 90	394	398	152. 50	318. 40
22. 29	22. 68	59. 00	93	94	66. 70	100. 10			135. 90	399	403	153. 60	322. 40
22. 69	23. 08	60. 00	95	96	67. 80	101. 70			137. 00	404	407	154. 90	325. 60
23. 09	23. 44	61. 00	97	97	69. 00	103. 50			138. 00	408	412	156. 00	329. 60
23. 45	23. 76	62. 10	98	99	70. 20	105. 30			139. 00	413	417	157. 10	333. 60
23. 77	24. 20	63. 20	100	101	71. 50	107. 30			140. 00	418	421	158. 20	336. 80
24. 21	24. 60	64. 20	102	102	72. 60	108. 90			141. 00	422	426	159. 40	340. 80
24. 61	25. 00	65. 30	103	104	73. 80	110. 70			142. 00	427	431	160. 50	344. 80
25. 01	25. 48	66. 40	105	106	75. 10	112. 70			143. 00	432	436	161. 60	348. 80
25. 49	25. 92	67. 50	107	107	76. 30	114. 50			144. 00	437	440	162. 80	350. 40
25. 93	26. 40	68. 60	108	109	77. 50	116. 30			145. 00	441	445	163. 90	352. 40
26. 41	26. 94	69. 60	110	113	78. 70	118. 10			146. 00	446	450	165. 00	354. 40
26. 95	27. 46	70. 70	114	118	79. 90	119. 90			147. 00	451	454	166. 20	356. 00
27. 47	28. 00	71. 70	119	122	81. 10	121. 70			148. 00	455	459	167. 30	358. 00
28. 01	28. 68	72. 80	123	127	82. 30	123. 50			149. 00	460	464	168. 40	360. 00
28. 69	29. 25	73. 90	128	132	83. 60	125. 40			150. 00	465	468	169. 50	361. 60
29. 26	29. 68	74. 90	133	136	84. 70	127. 10			151. 00	469	473	170. 70	363. 60
29. 69	30. 36	76. 00	137	141	85. 90	128. 90			152. 00	474	478	171. 80	365. 60
30. 37	30. 92	77. 10	142	146	87. 20	130. 80			153. 00	479	482	172. 90	367. 20
30. 93	31. 36	78. 20	147	150	88. 40	132. 60			154. 00	483	487	174. 10	369. 20
31. 37	32. 00	79. 20	151	155	89. 50	134. 30			155. 00	488	492	175. 20	371. 20
32. 01	32. 60	80. 30	156	160	90. 80	136. 20			156. 00	493	496	176. 30	372. 80
32. 61	33. 20	81. 40	161	164	92. 00	138. 00			157. 00	497	501	177. 50	374. 80
33. 21	33. 88	82. 40	165	169	93. 20	139. 80			158. 00	502	506	178. 60	376. 80
33. 89	34. 50	83. 50	170	174	94. 40	141. 60			159. 00	507	510	179. 70	378. 40
34. 51	35. 00	84. 60	175	178	95. 60	143. 40			160. 00	511	515	180. 80	380. 40
35. 01	35. 80	85. 60	179	183	96. 80	146. 40			161. 00	516	520	182. 00	382. 40
35. 81	36. 40	86. 70	184	188	98. 00	150. 40			162. 00	521	524	183. 10	384. 00
36. 41	37. 08	87. 80	189	193	99. 30	154. 40			163. 00	525	529	184. 20	386. 00
37. 09	37. 60	88. 90	194	197	100. 50	157. 40			164. 00	530	534	185. 40	388. 00
37. 61	38. 20	89. 90	198	202	101. 60	161. 60			165. 00	535	538	186. 50	389. 60
38. 21	39. 12	91. 00	203	207	102. 90	165. 60			166. 00	539	543	187. 60	391. 60
39. 13	39. 68	92. 10	208	211	104. 10	168. 80			167. 00	544	548	188. 80	393. 60
39. 69	40. 33	93. 10	212	216	105. 20	172. 80				549	553	189. 90	395. 60
40. 34	41. 12	94. 20	217	221	106. 50	176. 80				554	556	191. 00	396. 80
41. 13	41. 76	95. 30	222	225	107. 70	180. 00				557	560	192. 00	398. 40
41. 77	42. 44	96. 30	226	230	108. 90	184. 00				561	563	193. 00	399. 60
42. 45	43. 20	97. 40	231	235	110. 10	188. 00				564	567	194. 00	401. 20
43. 21	43. 76	98. 50	236	239	111. 40	191. 20				568	570	195. 00	402. 40
43. 77	44. 44	99. 60	240	244	112. 60	195. 20				571	574	196. 00	404. 00
44. 45	44. 88	100. 60	245	249	113. 70	199. 20				575	577	197. 00	405. 20
44. 89	45. 60	101. 70	250	253	115. 00	202. 40				578	581	198. 00	406. 80
		102. 80	254	258	116. 20	206. 40				582	584	199. 00	408. 00
		103. 80	259	263	117. 30	210. 40				585	588	200. 00	409. 60
		104. 90	264	267	118. 60	213. 60				589	591	201. 00	410. 80
		106. 00	268	272	119. 80	217. 60				592	595	202. 00	412. 40
		107. 00	273	277	121. 00	221. 60				596	598	203. 00	413. 60
		108. 10	278	281	122. 20	224. 80				599	602	204. 00	415. 20
		109. 20	282	286	123. 40	228. 80				603	605	205. 00	416. 40
		110. 30	287	291	124. 70	232. 80				606	609	206. 00	418. 00
		111. 30	292	295	125. 80	236. 00				610	612	207. 00	419. 20
		112. 40	296	300	127. 10	240. 00				613	616	208. 00	420. 80
		113. 50	301	305	128. 30	244. 00				617	620	209. 00	422. 40
		114. 50	306	309	129. 40	247. 20				621	623	210. 00	423. 60
		115. 60	310	314	130. 70	251. 20				624	627	211. 00	425. 20
		116. 70	315	319	131. 90	255. 20				628	630	212. 00	426. 40
		117. 70	320	323	133. 00	258. 40				631	634	213. 00	428. 00
		118. 80	324	328	134. 30	262. 40				635	637	214. 00	429. 20
		119. 90	329	333	135. 50	266. 40				638	641	215. 00	430. 80
		121. 00	334	337	136. 80	269. 60				642	644	216. 00	432. 00
		122. 00	338	342	137. 90	273. 60				645	648	217. 00	433. 60
		123. 10	343	347	139. 10	277. 60				649	650	218. 00	434. 40"

And the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "the month of February 1968"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "February 1968, for each such person for February 1968,"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "113"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amend-

ment of the Senate numbered 7, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "the month of February 1968,"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "February 1968,"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "entitled, after January 1968,"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "after January 1968,"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "month of February 1968, or who died before such month,"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "month after January 1968,"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "after January 1968,"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "of January 1968,"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "month of February 1968, or who died in such month,"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968,"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968,"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with amendments as follow:

Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 26, lines 8 and 9, of the House engrossed bill, strike out "the second month following the month in which this Act is enacted" and insert the following: "the month of February 1968,"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968,"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment.

On page 29, line 18, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 30, line 5, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 30, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 30, line 13, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 30, line 19, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 5, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 12, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 17, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 31, line 25, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 32, line 3, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

On page 32, line 9, of the House engrossed bill, strike out "\$7,600" and insert the following: "\$7,800".

And the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 33, line 5, of the House engrossed bill, strike out "1966" and insert the following: "1967".

On page 33, line 6, of the House engrossed bill, strike out "5.9" and insert the following: "5.8".

On page 34, line 4, of the House engrossed bill, strike out "years 1967 and 1968, the rate shall be 3.9" and insert the following: "year 1968, the rate shall be 3.8".

On page 34, line 19, of the House engrossed bill, strike out "years 1967 and 1968, the rate shall be 3.9" and insert the following: "year 1968, the rate shall be 3.8".

On page 35 of the House engrossed bill, strike out lines 9 through 16 and insert the following:

"(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1973, the tax shall be equal to 0.60 percent of the amount of the self-employment income for such taxable year,";

On page 35, line 17, of the House engrossed

bill, strike out "(3)" and insert the following: "(2)".

On page 35, line 21, of the House engrossed bill, strike out "(4)" and insert the following: "(3)".

On page 36, line 1, of the House engrossed bill, strike out "(5)" and insert the following: "(4)".

On page 36, line 5, of the House engrossed bill, strike out "(6)" and insert the following: "(5)".

On page 36 of the House engrossed bill, strike out lines 13 through 18 and insert the following:

"(1) with respect to wages received during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent,";

On page 36, line 19, of the House engrossed bill, strike out "(3)" and insert the following: "(2)".

On page 36, line 22, of the House engrossed bill, strike out "(4)" and insert the following: "(3)".

On page 36, line 25 of the House engrossed bill, strike out "(5)" and insert the following: "(4)".

On page 37, line 3, of the House engrossed bill, strike out "(6)" and insert the following: "(5)".

On page 37 of the House engrossed bill, strike out lines 9 through 14 and insert the following:

"(1) with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent,";

On page 37, line 15, of the House engrossed bill, strike out "(3)" and insert the following: "(2)".

On page 37, line 18, of the House engrossed bill, strike out "(4)" and insert the following: "(3)".

On page 37, line 21, of the House engrossed bill, strike out "(5)" and insert the following: "(4)".

On page 37, line 24, of the House engrossed bill, strike out "(6)" and insert the following: "(5)".

And the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with amendments as follows:

On page 43, line 6, of the Senate engrossed amendments, strike out "112" and insert the following: "111".

On page 44, line 25, of the Senate engrossed amendments, strike out "time specified in subparagraph (E)" and insert the following: "then specified time period".

On page 45, line 10, of the Senate engrossed amendments, strike out "made," and insert the following: "made".

On page 45 of the Senate engrossed amendments, strike out lines 11 through 16 and insert the following:

"(b) No monthly insurance benefits under title II of the Social Security Act shall be payable or increased for any month before the month in which this Act is enacted by reason of amendments made by subsection (a)."

And the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with amendments as follows: On page 47, line 3, of the Senate engrossed amendments, strike out "114" and insert the following: "112".

On page 47, lines 3 and 4, of the Senate engrossed amendments, strike out "202(d)(9) of the Social Security Act" and insert the following: "202(d)(8) of the Social Security Act (as redesignated by section 151(c) of this Act)".

On page 47, line 23, of the Senate engrossed amendments, strike out "February" and insert the following: "January".

And the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amend-

ment of the Senate numbered 50, and agree to the same with amendments as follow: On page 50, line 4, of the Senate engrossed amendments, after "policemen" insert the following: "; validation of certain past coverage in the State of Nebraska"; and the Senate agree to the same.

Amendment numbered 51: That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment as follows: On page 51, line 21, of the Senate engrossed amendments, strike out "system." and insert the following: "system."; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment as follows: On page 52, line 9, of the Senate engrossed amendments, strike out "such Act" and insert the following: "the Social Security Act"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment as follows: On page 55, line 17, of the Senate engrossed amendments, strike out "such Act" and insert the following: "the Social Security Act"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with amendments as follow: On page 57, line 10, of the Senate engrossed amendments, strike out "(I)".

On page 57, line 11, of the Senate engrossed amendments, strike out "(II)".

On page 57, line 16, of the Senate engrossed amendments, after "1954" insert the following: "(relating to definition of employment)".

On page 58, line 5, of the Senate engrossed amendments, strike out "(I)".

On page 58, line 6, of the Senate engrossed amendments, strike out "(II)".

And the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with amendments as follows: On page 58, line 18, of the Senate engrossed amendments, after "Massachusetts" insert the following: "to modify its agreement entered into under section 218 of such Act so as".

On page 58, line 19, of the Senate engrossed amendments, strike out "to be".

On page 58, line 21, of the Senate engrossed amendments, strike out "filing with him of such notice" and insert the following: "date on which such agreement is so modified".

On page 58, line 23, of the Senate engrossed amendments, strike out "has been" and insert the following: "is".

And the Senate agree to the same.

Amendment numbered 74: That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment as follows: Omit the matter proposed to be stricken out by the Senate amendment, and on page 57, line 11, of the House engrossed bill, immediately before the comma insert the following: "as an outpatient"; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with amendments as follows: On page 63 of the Senate engrossed amendments, strike out lines 13 through 16 and insert the following:

"(A) if furnished by a clinic or rehabilitation agency, or by others under arrangements with such clinic or agency, unless such clinic or rehabilitation agency—"

And the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amend-

ment of the Senate numbered 80, and agree to the same with an amendment as follows: On page 68 of the Senate engrossed amendments, strike out lines 12 through 17 and insert the following:

"(b) The second sentence of section 1813(a) (1) of such Act is amended to read as follows: 'Such amount shall be further reduced by a coinsurance amount equal to—

"(A) one-fourth of the inpatient hospital deductible for each day (before the 91st day) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell; and

"(B) one-half of the inpatient hospital deductible for each day (before the day following the last day for which such individual is entitled under section 1812(a) (1) to have payment made on his behalf for inpatient hospital services during such spell of illness) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 90 days during such spell;

except that the reduction under this sentence for any day shall not exceed the charges imposed for that day with respect to such individual for such services (and for this purpose, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charge so imposed)."

And the Senate agree to the same.

Amendment numbered 87: That the House recede from its disagreement to the amendment of the Senate numbered 87, and agree to the same with amendments as follows: On page 84, line 6, of the Senate engrossed amendments, strike out "145" and insert the following: "142". On page 84, line 17, of the Senate engrossed amendments, strike out "such part A" and insert the following: "part A of title XVIII of such Act".

On page 85, lines 7 and 8, of the Senate engrossed amendments, strike out "such part A" and insert the following: "part A of title XVIII of such Act".

On page 85, line 15, of the Senate engrossed amendments, strike out "defined" and insert the following: "described".

On page 86, line 15, of the Senate engrossed amendments, after "(4)" insert the following: "of the Social Security Act".

And the Senate agree to the same.

Amendment numbered 88: That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with amendments as follows: On page 88, line 5, of the Senate engrossed amendments, strike out "146" and insert the following: "143".

On page 89, line 1, of the Senate engrossed amendments, after "1814(d)" insert the following: "of such Act".

And the Senate agree to the same.

Amendment numbered 90: That the House recede from its disagreement to the amendment of the Senate numbered 90, and agree to the same with an amendment as follows: On page 94, line 16, of the Senate engrossed amendments, strike out "148" and insert the following: "144"; and the Senate agree to the same.

Amendment numbered 91: That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with amendments as follows: On page 95, line 22, of the Senate engrossed amendments, strike out "149" and insert the following: "145".

On page 97, line 16, of the Senate engrossed amendments, strike out "promulgated." and insert the following: "promulgated."

On page 97 of the Senate engrossed amendments, strike out line 17 and all that follows down through page 99, line 2.

On page 99, line 3, of the Senate engrossed amendments, strike out "(f) (1)" and insert the following: "(e)".

On page 99 of the Senate engrossed amendments, strike out lines 8 through 17,

And the Senate agree to the same.

Amendment numbered 92: That the House recede from its disagreement to the amendment of the Senate numbered 92, and agree to the same with an amendment as follows:

On page 99, line 22, of the Senate engrossed amendments, strike out "149a" and insert the following: "146"; and the Senate agree to the same.

Amendment numbered 96: That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968"; and the Senate agree to the same.

Amendment numbered 97: That the House recede from its disagreement to the amendment of the Senate numbered 97, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968"; and the Senate agree to the same.

Amendment numbered 98: That the House recede from its disagreement to the amendment of the Senate numbered 98, and agree to the same with an amendment as follows: On page 103, line 10, of the Senate engrossed amendment, strike out "Sec. 204."

And the Senate agree to the same.

Amendment numbered 99: That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment as follows: One page 105, line 3, of the Senate engrossed amendments, after "payment" insert the following: "for any month".

And the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with amendments as follows: On page 105, line 22, of the Senate engrossed amendments, after "if any," insert the following: "who is".

On page 107, lines 2 and 3, of the Senate engrossed amendments, strike out "if each such person dies before the payment due" and insert the following: "if each person who meets such requirements dies before the payment due him".

On page 107, line 18, of the Senate engrossed amendments, after "due" insert the following: "him".

On page 107, line 21, of the Senate engrossed amendments, after the semicolon insert the following: "or".

On page 108, line 2, of the Senate engrossed amendments, strike out "any," and insert the following: "any.".

On page 108 of the Senate engrossed amendments, strike out lines 3 through 10.

On page 108, lines 18 through 20, of the Senate engrossed amendments, strike out "or under section 144 of the Social Security Amendments of 1967".

On page 108, line 22, of the Senate engrossed amendments, after "due" insert the following: "him under this title".

On page 109, line 1, of the Senate engrossed amendments, strike out "before such individual's death" and insert the following: "(before or after such individual's death)".

On page 109, line 9, of the Senate engrossed amendments, after "if any," insert the following: "who is".

On page 110, lines 14 and 15, of the Senate engrossed amendments, strike out "if each such person dies before the payment due" and insert the following: "if each person who meets such requirements dies before the payment due him".

On page 110, line 20, of the Senate engrossed amendments, strike out "paragraph" and insert the following: "paragraph".

On page 111, line 6, of the Senate engrossed amendments, after "due" insert the following: "him".

On page 111, line 9, of the Senate engrossed

amendments, after the semicolon insert the following: "or".

On page 111, line 15, of the Senate engrossed amendments, strike out "any;" and insert the following: "any."

On page 111 of the Senate engrossed amendments, strike out lines 16 through 23. And the Senate agree to the same.

Amendment numbered 103: That the House recede from its disagreement to the amendment of the Senate numbered 103, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "February 1968"; and the Senate agree to the same.

Amendment numbered 105: That the House recede from its disagreement to the amendment of the Senate numbered 105, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968"; and the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months after January 1968"; and the Senate agree to the same.

Amendment numbered 109: That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with amendments as follows: Restore the matter proposed to be stricken out by the Senate amendment.

On page 88, line 7, of the House engrossed bill, strike out "general" and insert the following: "immediate".

On page 88, line 9, of the House engrossed bill, after the period insert the following: "For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country."

And the Senate agree to the same.

Amendment numbered 116: That the House recede from its disagreement to the amendment of the Senate numbered 116, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "January 1968"; and the Senate agree to the same.

Amendment numbered 120: That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the amendment insert the following: "1962"; and the Senate agree to the same.

Amendment numbered 121: That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "months beginning after June 30, 1968"; and the Senate agree to the same.

Amendment numbered 122: That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "after June 30, 1968"; and the Senate agree to the same.

Amendment numbered 123: That the House recede from its disagreement to the amendment of the Senate numbered 123, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "are, on June 30, 1968 being"; and the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"BENEFITS FOR CERTAIN CHILDREN"

"SEC. 163. (a) (1) The last sentence of section 203(a) of the Social Security Act is amended to read as follows: 'Whenever a reduction is made under this subsection in the total of monthly benefits to which individuals are entitled for any month on the basis of the wages and self-employment income of an insured individual, each such benefit other than the old-age or disability insurance benefit shall be proportionately decreased; except that if such total of benefits for such month includes any benefit or benefits under section 202(d) which are payable solely by reason of section 216(h) (3), the reduction shall be first applied to reduce (proportionately where there is more than one benefit so payable) the benefits so payable (but not below zero).'

"(2) The amendment made by paragraph (1) shall apply only with respect to monthly benefits payable under title II of the Social Security Act with respect to individuals who become entitled to benefits under section 202(d) of such Act solely by reason of section 216(h) (3) of such Act in or after January 1968 (but without regard to section 202(j) (1) of such Act). The provisions of section 170 of this Act shall not apply with respect to any such individual.

"(b) Where—

"(1) one or more persons were entitled (without the application of section 202(j) (1) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for January 1968 on the basis of the wages and self-employment income of an individual, and

"(2) one or more persons became entitled to monthly benefits before January 1968 under section 202(d) of such Act by reason of section 216(h) (3) of such Act (but without regard to section 202(j) (1)), on the basis of such wages and self-employment income and are so entitled for January 1968, and

"(3) the total of benefits to which all persons are entitled under such section 202 or 223 of such Act on the basis of such wages and self-employment for January 1968 are reduced by reason of section 203(a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced),

then the amount of the benefit to which each such person referred to in paragraph (1) above (but not including persons referred to in paragraph (2) above) is entitled for months after January 1968 shall be increased, after the application of such section 203(a), to the amount it would have been if the person or persons referred to in paragraph (2) were not entitled to a benefit referred to in such paragraph (2)".

And the Senate agree to the same.

Amendment numbered 125: That the House recede from its disagreement to the amendment of the Senate numbered 125, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "1964"; and the Senate agree to the same.

Amendment numbered 126: That the House recede from its disagreement to the amendment of the Senate numbered 126, and agree to the same with an amendment as follows: On page 116, line 14, of the Senate engrossed amendments, strike out "166" and insert the following: "165"; and the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, and

agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "166"; and the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "167"; and the Senate agree to the same.

Amendment numbered 129: That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "168"; and the Senate agree to the same.

Amendment numbered 132: That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "169"; and the Senate agree to the same.

Amendment numbered 134: That the House recede from its disagreement to the amendment of the Senate numbered 134, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "170"; and the Senate agree to the same.

Amendment numbered 135: That the House recede from its disagreement to the amendment of the Senate numbered 135, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "January 1968"; and the Senate agree to the same.

Amendment numbered 136: That the House recede from its disagreement to the amendment of the Senate numbered 136, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "February 1968"; and the Senate agree to the same.

Amendment numbered 137: That the House recede from its disagreement to the amendment of the Senate numbered 137, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "104, 112, 150, 151, 156, and 157 of this Act, and"; and the Senate agree to the same.

Amendment numbered 138: That the House recede from its disagreement to the amendment of the Senate numbered 138, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "February 1968"; and the Senate agree to the same.

Amendment numbered 139: That the House recede from its disagreement to the amendment of the Senate numbered 139, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "January 1968"; and the Senate agree to the same.

Amendment numbered 140: That the House recede from its disagreement to the amendment of the Senate numbered 140, and agree to the same with amendments as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 105, line 18, of the House engrossed bill, strike out "(a)"; and the Senate agree to the same.

Amendment numbered 141: That the House recede from its disagreement to the amendment of the Senate numbered 141, and

agree to the same with an amendment as follows: On page 119, line 12, of the Senate engrossed amendments, strike out "172" and insert the following: "171"; and the Senate agree to the same.

Amendment numbered 143: That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"DEFINITION OF BLINDNESS

"SEC. 172. (a) The first sentence of section 216(i)(1) of the Social Security Act is amended by striking out '(B)' and all that follows and inserting in lieu thereof '(B) blindness; and the term "blindness" means central visual acuity of 20/200 or less in the better eye with the use of correcting lens.'

"(b) the second sentence of section 216(i)(1) of such Act is amended to read as follows: 'An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of this paragraph as having a central visual acuity of 20/200 or less.'

"(c) The amendments made by this section shall be effective with respect to benefits under section 223 of the Social Security Act for months after January 1968 based on applications filed after the date of enactment of this Act and with respect to disability determinations under section 216(i) of the Social Security Act based on applications filed after the date of enactment of this Act."

And the Senate agree to the same.

Amendment numbered 145: That the House recede from its disagreement to the amendment of the Senate numbered 145, and agree to the same with an amendment as follows: On page 129, line 5, of the Senate engrossed amendments, strike out "176" and insert the following: "173"; and the Senate agree to the same.

Amendment numbered 146: That the House recede from its disagreement to the amendment of the Senate numbered 146, and agree to the same with an amendment as follows: On page 130, lines 19 and 20, strike out "relative, child," and insert the following: "child, relative,"; and the Senate agree to the same.

Amendment numbered 157: That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment as follows: On page 132, line 21, and page 133, lines 1 and 2, of the Senate engrossed amendments, strike out "services which are furnished pursuant to clauses (14) and (15) of section 402(a) and which" and insert the following: "any of the services described in clauses (14) and (15) of section 402(a) which"; and the Senate agree to the same.

Amendment numbered 158: That the House recede from its disagreement to the amendment of the Senate numbered 158, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(1)(A) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively,

"(B) by striking out 'subparagraph (E)' in subparagraph (C) (as so redesignated) and inserting in lieu thereof 'subparagraph (D)', and

"(C) by striking out 'subparagraph (D)' in the matter following subparagraph (D) (as so redesignated) and inserting in lieu thereof 'subparagraph (C)';"

And the Senate agree to the same.

Amendment numbered 167: That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with amendments as follows: On page 134, line 18, of the Senate

engrossed amendments, after "that" insert the following: "(A)".

On page 135 of the Senate engrossed amendments, strike out lines 1 through 5 and insert the following: "services developed pursuant to part B of title IV of the Social Security Act, the provisions of section 402(a) (15) (F) of such Act (added thereto by subsection (a) of this section) shall not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State under part A of title IV of such Act in a political subdivision is different from the local agency in such subdivision administering the State's plan for child-welfare services developed pursuant to part B of title IV of such Act, the provisions of such section 402(a) (15) (F) shall not apply with respect to such agencies but only so long as such local agencies are different."

And the Senate agree to the same.

Amendment numbered 180: That the House recede from its disagreement to the amendment of the Senate numbered 180, and agree to the same with an amendment as follows: Insert the matter proposed to be inserted by the Senate amendment, and on page 118, line 25, of the House engrossed bill, strike out "section" and insert the following: "Act"; And the Senate agree to the same.

Amendment numbered 184: That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Effective with respect to quarters beginning after June 30, 1968, in determining the need of individuals claiming aid under a State plan approved under part A of title IV of the Social Security Act, the State shall apply the provisions of such part notwithstanding any provisions of law (other than such Act) requiring the State to disregard earned income of such individuals in determining need under such State plan."

And the Senate agree to the same.

Amendment numbered 186: That the House recede from its disagreement to the amendment of the Senate numbered 186, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"(C) (i) such father has 6 or more quarters of work (as defined in subsection (d) (1)) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (ii) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d) (3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and

"(2) provides—

"(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be referred to the Secretary of Labor as provided in section 402(a) (19) within thirty days after receipt of aid with respect to such children;";

And the Senate agree to the same.

Amendment numbered 190: That the House recede from its disagreement to the amendment of the Senate numbered 190, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and on page 122 of the House engrossed bill, after line 2 insert the following:

"(1) is not currently registered with the public employment offices in the State, or

"(ii) receives unemployment compensation under an unemployment compensation law of a State or of the United States."

And the Senate agree to the same.

Amendment numbered 191: That the House recede from its disagreement to the amendment of the Senate numbered 191, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the Senate amendment, and in lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent child as defined in subsection (a), (1) for any part of the 30-day period referred to in subparagraph (A) of subsection (b) (1), or (ii) for any period prior to the time when the father tion, and (B) if, and for as long as, no action is taken (after the 30-day period referred to in subparagraph (A) of subsection (b) (2)), under the program therein specified, to refer such father to the Secretary of Labor pursuant to section 402(a) (19).

"(d) For purposes of this section—

"(1) the term "quarter of work" with respect to any individual means a calendar quarter in which such individual received earned income of not less than \$50 (or which is a "quarter of coverage" as defined in section 213(a) (2)), or in which such individual participated in a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or the work incentive program established under part C;

"(2) the term "calendar quarter" means a period of 3 consecutive calendar months ending on March 31, June 30, September 30, or December 31; and

"(3) an individual shall be deemed qualified for unemployment compensation under the State's unemployment compensation law if—

"(A) he would have been eligible to receive such unemployment compensation upon filing application, or

"(B) he performed work not covered under such law and such work, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such unemployment compensation upon filing application."

"(b) In the case of an application for aid to families with dependent children under a State plan approved under section 402 of such Act with respect to a dependent child as defined in section 407(a) of such Act (as amended by this section) within 6 months after the effective date of the modification of such State plan which provides for payments in accordance with section 407 of such Act as so amended, the father of such child shall be deemed to meet the requirement of subparagraph (C) of section 407(b) (1) of such Act (as so amended) if at any time after April 1961 and prior to the date of application such father met the requirements of such subparagraph (C). For purposes of the preceding sentence, an individual receiving aid to families with dependent children (under section 407 of the Social Security Act as in effect before the enactment of this Act) for the last month ending before the effective date of the modification referred to in such sentence shall be deemed to have filed application for such aid under such section 407 (as amended by this section) on the day after such effective date."

And the Senate agree to the same.

Amendment numbered 198: That the House recede from its disagreement to the amendment of the Senate numbered 198, and agree to the same with amendments as follows: On page 150, line 16, of the Senate engrossed amendments, strike out "\$20 per week" and insert the following: "\$30 per month, payable in such amounts and at such times as the Secretary prescribes".

On page 150, line 19, of the Senate en-

grossed amendments, strike out "90" and insert the following: "80".

On page 154, line 10, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 154, line 24, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 155, line 2, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 159, line 4, of the Senate engrossed amendments, before "ad-" insert the following: "or".

On page 159, line 5, of the Senate engrossed amendments, strike out "or".

On page 159, line 9, of the Senate engrossed amendments, strike out "or".

On page 159, line 14, of the Senate engrossed amendments, strike out ", or" and insert a semicolon.

On page 159 of the Senate engrossed amendments, strike out line 15 and all that follows down through page 160, line 5.

On page 160, line 14, of the Senate engrossed amendments, strike out "10" and insert the following: "20".

On page 162, line 4, of the Senate engrossed amendments, after "(il)" insert the following: "and section 407(b)(2)".

On page 162 of the Senate engrossed amendments, strike out lines 16 through 20 and insert the following:

"(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;"

On page 164, line 5, of the Senate engrossed amendments, after "State)" insert the following: ", but not before April 1, 1968,".

On page 164 of the Senate engrossed amendments, strike out lines 10 through 12 and insert the following: "beginning after June 30, 1968."

On page 165, line 1, of the Senate engrossed amendments, strike out "202(b)" and insert the following: "202(a)(2)".

And the Senate agree to the same.

Amendment numbered 213: That the House recede from its disagreement to the amendment of the Senate numbered 213, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) Section 403(a) of such Act (as amended by the preceding provisions of this Act) is amended by—

"(1) striking out '5' in the sentence immediately following paragraph (5) and inserting in lieu thereof '10';

"(2) adding at the end thereof the following new sentence 'In computing such 10 percent, there shall not be taken into account individuals with respect to whom such payments are made for any month in accordance with section 402(a)(19)(F)'"

And the Senate agree to the same.

Amendment numbered 214: That the House recede from its disagreement to the amendment of the Senate numbered 214, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 141 of the House engrossed bill strike out lines 1 through 13 and insert the following:

"(d) Notwithstanding any other provision of this Act, the average monthly number of dependent children under the age of 18 who have been deprived of parental support or care by reason of the continued absence from the home of a parent with respect to whom payments under this section may be made to a State for any calendar quarter after June 30, 1968, shall not exceed the

number which bears the same ratio to the total population of such State under the age of 18 on the first day of the year in which such quarter falls as the average monthly number of such dependent children under the age of 18 with respect to whom payments under this section were made to such State for the calendar quarter beginning January 1, 1968, bore to the total population of such State under the age of 18 on that date."

And the Senate agree to the same.

Amendment numbered 221: That the House recede from its disagreement to the amendment of the Senate numbered 221, and agree to the same with an amendment as follows: On page 167, line 17, of the Senate engrossed amendments, strike out "209" and insert the following: "210"; and the Senate agree to the same.

Amendment numbered 223: That the House recede from its disagreement to the amendment of the Senate numbered 223, and agree to the same with amendments as follows: On page 173, lines 12 and 13, of the Senate engrossed amendments, strike out "; ESTABLISHMENT AND COLLECTION OF LIABILITY TO UNITED STATES".

On page 175, line 10, of the Senate engrossed amendments, strike out "State;" and insert the following: "State."

On page 175, of the Senate engrossed amendments, strike out line 11 and all that follows through line 19 on page 181 and insert the following:

"(b) Title IV of such Act is amended by adding after section 409 the following new section:

"ASSISTANCE BY INTERNAL REVENUE SERVICE IN LOCATING PARENTS

"SEC. 410. (a) Upon receiving a report from a State agency made pursuant to section 402(a)(21), the Secretary shall furnish to the Secretary of the Treasury or his delegate the names and social security account numbers of the parents contained in such report, and the name of the State agency which submitted such report. The Secretary of the Treasury or his delegate shall endeavor to ascertain the address of each such parent from the master files of the Internal Revenue Service, and shall furnish any address so ascertained to the State agency which submitted such report.

"(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a). The Secretary shall transfer to the Secretary of the Treasury from time to time sufficient amounts out of the monies appropriated pursuant to this subsection to enable him to perform his functions under subsection (a)."

And the Senate agree to the same.

Amendment numbered 224: That the House recede from its disagreement to the amendment of the Senate numbered 224, and agree to the same with an amendment as follows: On page 181, line 22, of the Senate engrossed amendments, strike out "section (3)(a)(4)" and insert the following: "section 3(a)(4)"; and the Senate agree to the same.

Amendment numbered 225: That the House recede from its disagreement to the amendment of the Senate numbered 225, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"AUTHORITY TO DISREGARD ADDITIONAL INCOME OF RECIPIENTS OF PUBLIC ASSISTANCE

"SEC. 213. (a)(1) Section 2(a)(10)(A)(1) of the Social Security Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(2) Section 1002(a)(8)(C) of such Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(3) Section 1402(a)(8)(A) of such Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(4) Section 1604(a)(14)(D) of such Act is amended by striking out 'not more than \$5' and inserting in lieu thereof 'not more than \$7.50'.

"(b) Section 402(a) of such Act is amended by inserting before the period at the end thereof the following: "; and (23) provide that by July 1, 1969, the amounts used by the State to determine the needs of individuals will have been adjusted to reflect fully changes in living costs since such amounts were established, and any maximums that the State imposes on the amount of aid paid to families will have been proportionately adjusted'."

And the Senate agree to the same.

Amendment numbered 226: That the House recede from its disagreement to the amendment of the Senate numbered 226, and agree to the same with amendments as follow: Restore the matter proposed to be stricken out by the Senate amendment, and omit the matter proposed to be inserted by the Senate amendment.

On page 143, line 7, of the House engrossed bill, strike out "Payment" and insert the following: "Except as provided in paragraph (4), payment".

On page 143, line 13, of the House engrossed bill, strike out "in subparagraph (C) and".

On page 143, line 21, of the House engrossed bill, strike out "section 402" and insert the following: "part A of title IV".

On page 144 of the House engrossed bill, strike out lines 3 through 12.

On page 144, line 13, of the House engrossed bill, strike out "(D)" and insert the following: "(C)".

On page 144, line 14, of the House engrossed bill, strike out "or (C)".

On page 144, line 16, of the House engrossed bill, strike out "by" and insert the following "to".

On page 145, line 2, of the House engrossed bill, strike out "section 402" and insert the following: "part A of title IV".

On page 145 of the House engrossed bill, strike out lines 10 through 20 and insert the following:

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual who, at the time of the provision of the medical assistance giving rise to such expenditure—

"(A) is a recipient of aid or assistance under a plan of such State which is approved under title I, X, XIV, or XVI, or part A of title IV, or

"(B) is not a recipient of aid or assistance under such a plan but (i) is eligible to receive such aid or assistance, or (ii) would be eligible to receive such aid or assistance if he were not in a medical institution."

And the Senate agree to the same.

Amendment numbered 231: That the House recede from its disagreement to the amendment of the Senate numbered 231, and agree to the same with amendments as follows: Insert the matter proposed to be inserted by the Senate amendment.

On page 150 of the House engrossed bill, strike out lines 14 through 20 and insert the following:

"(2) Section 1843(f) of such Act is amended—

"(A) by inserting after or part A of title IV, (as added by section 241(e)(2) of this Act) the following: 'or eligible to receive medical assistance under the plan of such State approved under title XIX'; and

"(B) by inserting after ", and part A of title IV" (as added by section 241(e)(2) of this Act) the following: ", and individuals eligible to receive medical assistance under the plan of the State approved under title XIX."

And the Senate agree to the same.

Amendment numbered 233: That the House recede from its disagreement to the

amendment of the Senate numbered 233, and agree to the same with an amendment as follows: On page 191 of the Senate engrossed amendments, strike out lines 3 through 8 and insert the following:

"(D) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;"

And the Senate agree to the same.

Amendment numbered 236: That the House recede from its disagreement to the amendment of the Senate numbered 236, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "or dentists' services, at the option of the State, to individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV."

And the Senate agree to the same.

Amendment numbered 240: That the House recede from its disagreement to the amendment of the Senate numbered 240, and agree to the same with an amendment as follows:

On page 199, line 20, of the Senate engrossed amendments, strike out "234a" and insert the following: "234".

On page 200, line 3, of the Senate engrossed amendments, strike out "(26)" and insert the following: "(26)".

On page 200, line 10, of the Senate engrossed amendments, strike out "periodic" and insert the following: "for periodic".

And the Senate agree to the same.

Amendment numbered 241: That the House recede from its disagreement to the amendment of the Senate numbered 241, and agree to the same with amendments as follows: On page 205, line 13, of the Senate engrossed amendments, strike out "234b" and insert the following: "235".

On page 205, line 18, of the Senate engrossed amendments, strike out "X".

On page 160, line 9, of the House engrossed bill, strike out "235" and insert the following: "240".

On page 172, line 10, of the House engrossed amendments, strike out "236" and insert the following: "241".

And the Senate agree to the same.

Amendment numbered 242: That the House recede from its disagreement to the amendment of the Senate numbered 242, and agree to the same with amendments, as follows: On page 206, line 20, of the Senate engrossed amendments, strike out "234c" and insert the following: "236".

On page 206, line 23, of the Senate engrossed amendments, strike out "and" and insert the following: "a semicolon".

On page 207, line 2, of the Senate engrossed amendments, strike out "1907" and insert the following: "1908".

On page 207, line 5, of the Senate engrossed amendments, strike out "section 226" and insert the following: "the preceding sections".

On page 207, line 9, of the Senate engrossed amendments, strike out "1907" and insert the following: "1908".

And the Senate agree to the same.

Amendment numbered 243: That the House recede from its disagreement to the amendment of the Senate numbered 243, and agree to the same with amendments as follows: On page 213, line 10, of the Senate engrossed amendments, strike out "234d" and insert the following: "237".

On page 213, line 15, of the Senate engrossed amendments, strike out "(28)" and insert the following: "(29)".

On page 213, line 16, of the Senate engrossed amendments, strike out "234c" and insert the following: "236".

On page 213 of the Senate engrossed amendments, strike out line 18 and all that follows through line 22 and insert the following:

"(30) provide such methods and procedures relating to the utilization of, and the

payment for, care and services available under the plan as may be necessary to safeguard against unnecessary utilization of such care and services and to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care."

And the Senate agree to the same.

Amendment numbered 244: That the House recede from its disagreement to the amendment of the Senate numbered 244, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY UNDER TITLE XIX

"SEC. 238. Effective July 1, 1969, section 1902(a) (17) of the Social Security Act is amended by striking out '(which shall be comparable for all groups)' and inserting in lieu thereof the following: '(which shall be comparable for all groups and may, in accordance with standards prescribed by the Secretary, differ with respect to income levels, but only in the case of applicants or recipients of assistance under the plan who are not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, based on the variations between shelter costs in urban areas and in rural areas)'."

And the Senate agree to the same.

Amendment numbered 253: That the House recede from its disagreement to the amendment of the Senate numbered 253, and agree to the same with amendments as follows: On page 216, line 5, of the Senate engrossed amendments, after "that" insert the following: "(A)".

On page 216, line 7, of the Senate engrossed amendments, strike out "part 3 of title V" and insert the following: "part B of title IV".

On page 216 of the Senate engrossed amendments, strike out lines 12 and 13 and insert the following: "not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State for child-welfare services developed under part B of title IV of the Social Security Act is different from the local agency in such subdivision administering the plan of such State under part A of title IV of such Act, so much of such paragraph (1) as precedes such subparagraph (B) shall not apply with respect to such local agencies but only so long as such local agencies are different."

And the Senate agree to the same.

Amendment numbered 258: That the House recede from its disagreement to the amendment of the Senate numbered 258, and agree to the same with amendments as follows: On page 221, line 2, of the Senate engrossed amendments, strike out "applicable under State law" and insert the following: "applicable to nursing homes under State law".

On page 221, line 5, of the Senate engrossed amendments, insert immediately before the quotation marks the following: "The term 'intermediate care facility' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State."

And the Senate agree to the same.

Amendment numbered 263: That the House recede from its disagreement to the amendment of the Senate numbered 263, and agree to the same with amendments as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year

pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512."

On page 182, line 16, of the House engrossed bill, strike out "(a)".

And the Senate agree to the same.

Amendment numbered 266: That the House recede from its disagreement to the amendment of the Senate numbered 266, and agree to the same with an amendment as follows:

On page 222 of the Senate engrossed amendments, strike out lines 13 through 21 and insert the following:

"(13) provides that, where payment is authorized under the plan for services which an optometrist is licensed to perform, the individual for whom such payment is authorized may, to the extent practicable, obtain such services from an optometrist licensed to perform such services except where such services are rendered in a clinic, or another appropriate institution, which does not have an arrangement with optometrists so licensed; and."

And the Senate agree to the same.

Amendment numbered 273: That the House recede from its disagreement to the amendment of the Senate numbered 273, and agree to the same with amendments as follows: On page 225, line 9, of the Senate engrossed amendments, strike out "CHILDREN'S EMOTIONAL ILLNESS" and insert the following: "EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT".

On page 225, line 10, of the Senate engrossed amendments, strike out "306" and insert the following: "305."

And the Senate agree to the same.

Amendment numbered 275: That the House recede from its disagreement to the amendment of the Senate numbered 275, and agree to the same with an amendment as follows: On page 225, lines 15 and 16, of the Senate engrossed amendments, strike out "INCENTIVE FOR ECONOMY WHILE MAINTAINING QUALITY OR IMPROVING THE PROVISION OF HEALTH SERVICES" and insert the following: "INCENTIVES FOR ECONOMY WHILE MAINTAINING OR IMPROVING QUALITY IN THE PROVISION OF HEALTH SERVICES"; and the Senate agree to the same.

Amendment numbered 276: That the House recede from its disagreement to the amendment of the Senate numbered 276, and agree to the same with an amendment as follows: Insert the matter proposed to be inserted by the Senate amendment, and on page 203, line 24, of the House engrossed bill, insert immediately after the period the following: "No experiment shall be engaged in or developed under subsection (a) until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed experiment as to the soundness of its objectives, the possibilities of securing productive results, the adequacy of resources to conduct the proposed experiment, and its relationship to other similar experiments already completed or in process."

And the Senate agree to the same.

Amendment numbered 282: That the House recede from its disagreement to the amendment of the Senate numbered 282, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"STUDY OF RETIREMENT TEST AND OF DRUG STANDARDS AND COVERAGE

"SEC. 405. (a) The Secretary of Health, Education, and Welfare is authorized and directed to study (1) the existing retirement test and proposals for the modification of such test (including proposals for an increase in old-age insurance benefit amounts on account of delayed retirement), (2)

quality and cost standards for drugs for which payments are made under the Social Security Act, and (3) the coverage of drugs under part B of title XVIII of such Act.

"(b) On or before January 1, 1969, the Secretary shall transmit to the President and the Congress a report which shall contain his findings of fact and any conclusions or recommendations he may have."

And the Senate agree to the same.

Amendment numbered 286: That the House recede from its disagreement to the amendment of the Senate numbered 286, and agree to the same with an amendment as follows: On page 231, line 15, of the Senate engrossed amendments, strike out "503" and insert the following: "501"; and the Senate agree to the same.

Amendment numbered 288: That the House recede from its disagreement to the amendment of the Senate numbered 288, and agree to the same with an amendment as follows: On page 239, line 4, of the Senate engrossed amendments, strike out "505" and insert the following: "502"; and the Senate agree to the same.

Amendment numbered 290: That the House recede from its disagreement to the amendment of the Senate numbered 290, and agree to the same with an amendment as follows: On page 242, line 5, of the Senate engrossed amendments, strike out "507" and insert the following: "503"; and the Senate agree to the same.

Amendment numbered 294: That the House recede from its disagreement to the amendment of the Senate numbered 294, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC., PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS

"Sec. 504. (a) Section 3121(a) of the Internal Revenue Code of 1954 (definition of wages) is amended by striking out 'or' at the end of paragraph (11), by striking out the period at the end of paragraph (12) and inserting in lieu thereof '; or', and by adding at the end thereof the following new paragraph:

"(13) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents), other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

"(b) Section 3306 (b) of such Code (definition of wages) is amended by striking out 'or' at the end of paragraph (8), by striking out the period at the end of paragraph (9) and inserting in lieu thereof '; or', and by adding at the end thereof the following new paragraph:

"(10) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class

or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

"(c) Section 209 of the Social Security Act (definition of wages) is amended by striking out 'or' at the end of subsection (k), by striking out the period at the end of subsection (l) and inserting in lieu thereof '; or', and by inserting after subsection (l) the following new subsection:

"(m) Any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(1) upon or after the termination of an employee's employment relationship because of (A) death, (B) retirement for disability, or (C) retirement after attaining an age specified in the plan referred to in paragraph (2) or in a pension plan of the employer, and

"(2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents), other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

"(d) The amendments made by this section shall apply with respect to remuneration paid after the date of the enactment of this Act."

And the Senate agree to the same.

W. D. MILLS,
CECIL R. KING,
HALE BOGGS,
FRANK M. KARSTEN,
A. SYDNEY HERLONG, Jr.,
JOHN W. BYRNES,
THOS. B. CURTIS,
JAMES B. UTT,
JACKSON E. BETTS,

Managers on the Part of the House.

RUSSELL LONG,
GEORGE A. SMATHERS,
CLINTON P. ANDERSON,
ALBERT GORE,
HERMAN TALMADGE,
JOHN J. WILLIAMS,
FRANK CARLSON,
CARL T. CURTIS,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following Senate amendments made technical, clerical, clarifying, or conforming changes: 1, 25, 26, 29, 30, 31, 32, 38, 49, 63, 64, 65, 66, 67, 68, 69, 70, 72, 73, 74, 75, 76, 81, 82, 83, 96, 97, 101, 102, 103, 104, 105, 106, 107, 108, 110, 111, 112, 113, 114, 115, 116, 117, 118, 120, 125, 127, 128, 129, 132, 133, 134, 135, 136, 137, 138, 139, 140, 148, 150, 151, 152, 156, 158, 159, 160, 161, 162, 163, 164, 165, 168, 169, 170, 171, 172, 177, 179, 180, 185, 187, 188, 192, 194, 196, 199, 202, 203, 204, 205, 206, 209, 210, 211, 215, 216, 218, 232, 252, 256, 264a, 265, 269, 274, 278, and 283.

With respect to these amendments (1) the House either recedes or recedes with amendments which are technical, clerical, clarifying, or conforming in nature; or (2) the Senate recedes in order to conform to other

action agreed upon by the committee of conference.

BENEFIT AMOUNTS

Amendments Nos. 2 through 15: Section 101 of the House bill amended section 215(a) of the Social Security Act to provide a 12½ percent increase in benefits with a \$50 minimum primary insurance amount through a new benefit table for determining primary insurance amounts and maximum family benefits (taking into account the \$7,600 contribution and benefit base scheduled by section 108 of the House bill to be effective for years after 1967). This provision was to be effective beginning with the second month following the month of enactment.

Senate amendment No. 2 substituted for the benefit table in section 101 of the House bill a new table to provide a 15 percent increase in benefits with a \$70 minimum primary insurance amount (taking into account the increases in the contribution and benefit base scheduled by Senate amendment No. 36—\$8,000 for the year 1968, \$8,800 for the years 1969 through 1971, and \$10,800 for years after 1971).

Senate amendments Nos. 3 through 15 modified the effective date contained in the House bill to make the benefit increases effective beginning with March 1968. (The same modification, in the effective date of other provisions of the House bill involving OASDI benefits was made by Senate amendments 25, 26, 30, 96, 97, 103, 105, 107, 116, 135, 136, 138, 139.)

Under the conference agreement, section 215(a) of the Social Security Act is amended to provide a 13-percent increase in benefits with a \$55 minimum primary insurance amount through a new benefit table for determining primary insurance amounts and maximum family benefits, taking into account the \$7,800 contribution and benefit base scheduled under the conference agreement to be effective for years after 1967. The provision is effective for and after February 1968.

INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER

Amendments Nos. 16 through 24: Section 102 of the House bill amended sections 227 and 228 of the Social Security Act to increase, from \$35 for a single person and \$17.50 for a spouse to \$40 for a single person and \$20 for a spouse, the amounts of the special payments provided for certain individuals age 72 and older who have no coverage or whose coverage is insufficient to qualify for regular benefits.

The Senate amendments modified the House bill to provide for an increase in the amounts of the special payments to \$50 for a single person and \$25 for a spouse.

The Senate recedes.

BENEFITS FOR DISABLED WIDOWS AND WIDOWERS

Amendment No. 27: Section 104 of the House bill amended title II of the Social Security Act to provide benefits for disabled widows and widowers age 50 or over, with benefits ranging from 50 percent to 82½ percent of the spouse's primary insurance amount depending on the age at which benefits begin. No trial work period was provided. (A special test of disability for widows and widowers was set forth in section 156 of the bill.)

The Senate amendment modified section 104 of the House bill to provide benefits for disabled widows and widowers at any age. In addition, payment would be made at the full widow's and widower's benefit rate of 82½ percent of the spouse's primary insurance amount, and a trial work period would be provided. (The special test of disability was eliminated by amendment No. 109, so that the definition in present law would apply to widows and widowers as well as to others whose benefits depend upon disability.)

The Senate recedes with a technical amendment.

REDUCED BENEFITS AT AGE 60

Amendment No. 28: The Senate amendment added to the House bill a new section (105), amending section 202 of the Social Security Act to provide for payment of reduced old-age, wife's, husband's, widower's, and parent's insurance benefits beginning at age 60. The old-age benefit would be reduced by $\frac{1}{6}$ ths of one percent for each month for which the worker takes the benefit while under age 65, and the widower's or parent's benefit (like widow's benefits under existing law) would be reduced by the same percentage for each month for which the benefit is taken while under age 62; the wife's or husband's insurance benefit would be reduced by $\frac{2}{3}$ ths of one percent for each month for which the benefit is taken before age 65. (Under existing law, old-age benefits are payable in full at age 65 or on the basis of a $\frac{1}{6}$ ths reduction at age 62; wife's and husband's benefits are payable in full at age 65 or on the basis of a $\frac{2}{3}$ ths reduction at age 62; and widower's and parent's benefits are payable in full at age 62 with no earlier entitlement provided.)

The Senate recedes.

LIBERALIZATION OF EARNINGS TEST

Amendments Nos. 33 and 34: Under the existing provisions of section 203 of the Social Security Act, if a beneficiary earns \$1,500 or less in a year, no benefits will be withheld; if he earns more than \$1,500 in a year, \$1 in benefits will be withheld for each \$2 of earnings between \$1,500 and \$2,700, and \$1 in benefits will be withheld for each \$1

of earnings above \$2,700. Also, no benefit will be withheld for any month in which the beneficiary earns \$125 or less in wages and does not engage in self-employment.

Section 107 of the House bill amended section 203 of the Social Security Act to increase the annual \$1,500 and \$2,700 cut-off points to \$1,680 and \$2,880, respectively, and the \$125 monthly figure to \$140.

The Senate amendments modified section 107 of the House bill so that the annual cut-off points are increased to \$2,400 and \$3,600, and the monthly figure is increased to \$200.

The Senate recedes.

INCREASE IN CONTRIBUTION AND BENEFIT BASE

Amendments Nos. 35 and 36: Section 108 of the House bill amended title II of the Social Security Act and the Internal Revenue Code of 1954 to increase the earnings counted for benefit and tax purposes to \$7,600, beginning with 1968.

Under the Senate amendments, the earnings counted for benefit and tax purposes were increased to \$8,000 in 1968, \$8,800 in 1969 through 1971, and \$10,800 beginning with 1972.

Under the conference agreement, the amount of earnings counted for benefit and tax purposes is increased to \$7,800, beginning with 1968.

CHANGES IN TAX SCHEDULE

Amendment No. 37: The following table shows the tax schedule in the House bill and that in the Senate bill:

CONTRIBUTION RATES FOR EMPLOYEES AND EMPLOYERS, EACH

[In percent]

Year	OASDI	House bill HI	Total	OASDI	Senate bill HI	Total
1967.....	3.9	0.5	4.4	3.9	0.5	4.4
1968.....	3.9	.5	4.4	3.8	.6	4.4
1969-70.....	4.2	.6	4.8	4.2	.6	4.8
1971-72.....	4.6	.6	5.2	4.6	.6	5.2
1973-75.....	5.0	.65	5.65	5.0	.65	5.65
1976-79.....	5.0	.7	5.7	5.05	.65	5.7
1980-86.....	5.0	.8	5.8	5.05	.75	5.8
1987 and after.....	5.0	.9	5.9	5.05	.75	5.8

CONTRIBUTION RATES FOR THE SELF-EMPLOYED

[In percent]

Year	OASDI	House bill HI	Total	OASDI	Senate bill HI	Total
1967.....	5.9	0.5	6.4	5.9	0.5	6.4
1968.....	5.9	.5	6.4	5.8	.6	6.4
1969-70.....	6.3	.6	6.9	6.3	.6	6.9
1971-72.....	6.9	.6	7.5	6.9	.6	7.5
1973-75.....	7.0	.65	7.65	7.0	.65	7.65
1976-79.....	7.0	.7	7.7	7.0	.65	7.65
1980-86.....	7.0	.8	7.8	7.0	.75	7.75
1987 and after.....	7.0	.9	7.9	7.0	.75	7.75

The conference agreement provides the following tax schedule:

[In percent]

Year	Employers and employees, each			Self-employed		
	OASDI	HI	Total	OASDI	HI	Total
1967.....	3.9	0.5	4.4	5.9	0.5	6.4
1968.....	3.8	.6	4.4	5.8	.6	6.4
1969-70.....	4.2	.6	4.8	6.3	.6	6.9
1971-72.....	4.6	.6	5.2	6.9	.6	7.5
1973-75.....	5.0	.65	5.65	7.0	.65	7.65
1976-79.....	5.0	.7	5.7	7.0	.7	7.7
1980-86.....	5.0	.8	5.8	7.0	.8	7.8
1987 and after.....	5.0	.9	5.9	7.0	.9	7.9

EXTENSION OF RETROACTIVITY OF DISABILITY APPLICATIONS FOR FREEZE PURPOSES WHERE FAILURE TO MAKE TIMELY APPLICATION IS DUE TO INCOMPETENCY

Amendment No. 39: Under existing law, an application to establish a period of disability must be filed no later than 12 months

after the end of the period of disability. The Senate amendment added to the House bill a new section (112), amending section 216(1) of the Social Security Act to extend the time for filing an effective application to establish a closed period of disability (for disability freeze purposes only) for an addi-

tional 24 months—to a total of 36 months—in certain cases where it is shown to the satisfaction of the Secretary of Health, Education, and Welfare that the disabled individual's failure to file within the prescribed period is due to his mental or physical incapacity to execute such an application.

The House recedes with a technical amendment.

MARRIAGE OF A CHILD WHO IS A FULL-TIME STUDENT

Amendment No. 40: The Senate amendment added to the House bill a new section (113), amending section 202(d) of the Social Security Act to provide that a child's benefits will not stop when the child marries if and for as long as the child is a full-time student (and is otherwise entitled to benefits) and, in the case of a girl, her husband is also a full-time student. A child whose benefits stop because of marriage may subsequently (if otherwise entitled, and upon making a new application) become reentitled to such benefits if he becomes a full-time student (or, in the case of a girl, if both she and her husband become full-time students).

The Senate recedes.

BENEFITS FOR CERTAIN CHILDREN ADOPTED BY DISABLED WORKERS

Amendment No. 41: The Senate amendment added to the House bill a new section (114), amending section 202(d) (9) of the Social Security Act to provide that benefits can be paid to the legally adopted child of a worker entitled to disability benefits (or to old-age benefits after having been entitled to disability benefits) if the adoption took place under the supervision of a child-placing agency and was decreed by a court of competent jurisdiction in the United States, the worker had continuously resided in the United States for at least one year prior to the date of adoption, and the child was under the age of 18 on the date of the adoption, regardless of when the adoption occurred. (Under present law the adoption, even if other conditions are met, must have taken place within 2 years of the time the worker became entitled to disability benefits.)

The House recedes with technical amendments.

BENEFITS FOR MOTHERS OF CERTAIN FULL-TIME STUDENTS

Amendment No. 42: The Senate amendment added to the House bill a new section (114a), amending section 202(s) of the Social Security Act to provide that a wife or mother otherwise qualified may receive benefits on the basis of having an entitled child in her care, where the child is between 18 and 22 and is only entitled to child's benefits because he is a full-time student, if the school at which the child is a student is an elementary or secondary school. (Under existing law, a wife or mother can be entitled to benefits on the basis of having a child in her care only if the child is entitled to child's benefits because he is under 18 or is disabled—she cannot qualify on the basis of a child who is entitled only because he is a student, regardless of the level of the school at which he is enrolled.)

The Senate recedes.

STUDY OF DELAYED RETIREMENT INCREMENT

Amendment No. 43: The Senate amendment added to the House bill a new section (114b) to require the Social Security Administration to make a study with respect to the feasibility of providing increased old-age insurance benefit amounts for people who delay their retirement and may continue to work after age 65, and to report its findings to the Congress.

The Senate recedes (but the substance of the provision is included in section 405 of the bill—see Amendment No. 282).

COVERAGE OF MINISTERS

Amendments Nos. 44, 45, 46, and 47: Under existing law, the services which a clergyman

(including a Christian Science practitioner or a member of a religious order who has not taken a vow of poverty) performs in the exercise of his ministry are excluded from coverage unless the clergyman elects coverage by filing a waiver certificate within a prescribed period; if he makes the election his services in his ministry are covered under the provisions of law applicable to self-employed persons. A member of a religious order who has taken a vow of poverty may not make such an election; his services are compulsorily excluded from coverage.

Section 115 of the House bill amended section 211(c) of the Social Security Act and section 1402 (c) and (e) of the Internal Revenue Code of 1954 to provide that the services performed in the exercise of his profession by a minister, a Christian Science practitioner, or any member of a religious order (including a member who has taken a vow of poverty) are to be covered under the provisions of law applicable to the self-employed unless he obtains an exemption from social security taxes (and coverage) by filing within a prescribed period (under the revised section 1402(e) of the Code) an application for exemption, together with a statement that he is conscientiously opposed to the acceptance (with respect to his professional service) of any public insurance such as social security; a clergyman who had elected coverage under existing law could not secure an exemption, and an exemption from coverage would be irrevocable.

Senate amendments Nos. 44, 45, and 46 added language providing that members of religious orders who have taken a vow of poverty are compulsorily excluded from coverage, as under present law, and need not file any application to secure the exemption. Senate amendment No. 47 provided an additional basis for the exemption from social security taxes (and coverage); clergymen opposed to the acceptance of public insurance on grounds of religious principle (in addition to those conscientiously opposed as provided in the House bill) may secure the exemption. The House recedes.

STATE AND LOCAL DIVIDED RETIREMENT SYSTEMS

Amendment No. 48: The Senate amendment added to section 116 of the House bill a new subsection (d), amending section 213(d) (6) (F) of the Social Security Act so as to grant an additional opportunity, through 1969, for the election of social security coverage by members of State and local government retirement systems who did not elect coverage when they previously had the opportunity to do so under the divided retirement system procedure, which permits certain States to cover only those current members of a retirement system who desire coverage.

The House recedes.

COVERAGE OF POLICEMEN AND FIREMEN IN PUERTO RICO AND CERTAIN FIREMEN IN NEBRASKA

Amendment No. 50: The Senate amendment added to the House bill a new section (119), amending section 218(p) of the Social Security Act to add Puerto Rico to the list of States which may, if they so desire, provide social security coverage for policemen and firemen in positions under State or local retirement systems. The Senate amendment also included a provision validating amounts erroneously reported for past services performed by certain firemen employed by political subdivisions in Nebraska, if amounts representing social security taxes were erroneously paid in good faith and no refund has been obtained.

The House recedes with a technical amendment.

COVERAGE OF FIREMEN IN STATES NOT SPECIFICALLY LISTED

Amendment No. 51: The Senate amendment added to the House bill a new section (120), amending section 218(p) of the So-

cial Security Act to allow social security coverage to be extended to firemen under a State or local retirement system in a State not designated by name (in section 218(p)) as one which is permitted to cover policemen and firemen, if the Governor of the State certifies that the overall benefit protection of the group of firemen which would be brought under social security coverage would be improved by reason of the extension of coverage to the group. Coverage could be extended under this provision only after a favorable referendum in which no person other than a fireman could vote.

The House recedes with a technical amendment.

COVERAGE OF ERRONEOUSLY REPORTED WAGES FOR FORMER STATE OR LOCAL GOVERNMENT EMPLOYEES

Amendment No. 52: The Senate amendment added to the House bill a new section (121), amending section 218(f) of the Social Security Act to permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to specify that whatever retroactive coverage is provided for the current employees of the coverage group will also be provided for former employees with respect to whose earnings amounts representing social security taxes had been erroneously paid in good faith to the Secretary of the Treasury. The retroactive coverage would not apply to any former employee for whom a refund of taxes had been made.

The House recedes with a technical amendment.

COVERAGE OF FEES OF STATE AND LOCAL GOVERNMENT EMPLOYEES AS SELF-EMPLOYMENT INCOME

Amendment No. 53: The Senate amendment added to the House bill a new section (122), amending section 211(c) of the Social Security Act and section 1402(c) of the Internal Revenue Code of 1954 to provide that fees received after 1967 by employees of State or local governments in positions compensated solely on a fee basis and not covered under a State social security agreement will be covered under the self-employment provisions; however, any person in a fee-basis position in 1968 may elect irrevocably (before the due date of his tax return for 1968) not to have the amendment apply to him—i.e., not to have his fees covered under the self-employment provisions. The Senate amendment also added to section 218 of the Social Security Act a new subsection (u) under which any future modification of a State's agreement may cover services in positions compensated solely on a fee basis only if the modification specifically includes such services as covered, and under which a State may remove such services from coverage under the agreement.

The House recedes with a technical amendment.

FAMILY EMPLOYMENT IN A PRIVATE HOME

Amendment No. 54: The Senate amendment added to the House bill a new section (123), amending section 210(a) (3) (B) of the Social Security Act and section 3121(b) (3) (B) of the Internal Revenue Code of 1954 to extend social security coverage, beginning after 1967, to domestic service in a private home of the employer performed by an individual in the employ of his son or daughter, provided that certain conditions are met. The service in any calendar quarter would be covered only if the employer has living in his home a son, daughter, stepson, or stepdaughter who is under age 18 or whose mental or physical condition requires the personal care and supervision of an adult for at least 4 continuous weeks in the quarter, and the employer either is widowed or divorced (and has not remarried) or has a spouse living in the home who, because of a mental or physical condition, is incapable of caring for the employer's son, daughter,

stepson, or stepdaughter for at least 4 continuous weeks in the quarter.

The House recedes with technical amendments.

EMPLOYEES OF THE MASSACHUSETTS TURNPIKE AUTHORITY

Amendment No. 55: The Senate amendment added to the House bill a new section (124), giving the Secretary of Health, Education, and Welfare authority to permit the State of Massachusetts, under such conditions as he deems appropriate, to remove the employees of the Massachusetts Turnpike Authority from social security coverage before the expiration of 2 years after giving advance notice to the Secretary, with the provision that if the employees are thus removed from coverage the State cannot again extend coverage to employees of the Authority.

The House recedes with technical amendments.

METHOD OF PAYMENT TO PHYSICIANS UNDER THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendments Nos. 56, 57, 58, 59, and 60: The House bill amended section 1842(b) (3) (B) of the Social Security Act to provide, in addition to the present receipted bill and assignment methods of payment for physicians' services, an alternative method, effective with respect to bills received after December 31, 1967, under which a physician or other person providing the service could receive payment on the basis of an itemized bill if such bill is submitted in the form and manner and within the time specified by regulation and if the full charge does not exceed the reasonable charge for the service. Under the alternative method payment could be made to the patient if payment is not made to the person providing the service for the reason that the charge exceeds the reasonable charge, the person providing the service does not submit the bill as provided for by regulation, or such person directs that payment be made to the patient. The House bill also provided, with respect to bills received after December 31, 1967, that requests for payment under the supplementary medical insurance program for services reimbursable on a reasonable charge basis must be filed no later than the close of the calendar year after the year in which the service is furnished (service furnished in the last 3 months of a calendar year is deemed to have been furnished in the succeeding calendar year).

The Senate amendments changed present law, effective with respect to claims on which a final determination has not been made on or before the date of enactment, by eliminating the receipted bill method of payment (payment by the patient required before reimbursement) and by providing that payment can be made either to the patient on the basis of an itemized bill (either receipted or unpaid) or to the physician under the assignment method. The Senate amendments retained the House bill provision which establishes the calendar year limitation for filing medical insurance claims, but made such limitation applicable to bills submitted and requests for payment made on or after April 1, 1968.

The House recedes.

PODIATRISTS

Amendment No. 61: The House bill amended section 1861(r) of the Social Security Act to include within the definition of "physician" a doctor of podiatry or surgical chiropody, but only with respect to functions which he is legally authorized to perform as such by the State in which he performs them. Under the House bill a doctor of podiatry would not be considered a "physician" for purposes of sections 1814(a) and 1835 (relating to certification and recertification of medical necessity under parts A and B of title XVIII) and section 1861(k) (relating to utilization review). Certain services performed by a podiatrist were also excluded for

purposes of payment under the hospital and medical insurance programs.

The Senate amendment provided, in addition to those restrictions in the House provision, that a podiatrist would not be considered to be a "physician" for the purposes of subsection (j) (relating to extended care facilities), subsection (m) (relating to home health services), and subsection (o) (relating to home health agencies) of section 1861. The House recedes.

EXCLUSION OF CERTAIN SERVICES EXCEPT WITH REGARD TO PROSTHETIC LENSES

Amendment No. 62: Section 128 of the House bill amended section 1862(a) (7) of the Social Security Act, which provides that no payment may be made under title XVIII for expenses incurred for routine physical checkups, eyeglasses, eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, or hearing aids or examinations therefor, by adding a provision that no payment may be made for expenses incurred for procedures performed (during the course of any eye examination) to determine the refractive state of the eyes.

The Senate amendment provided that the exclusion added by the House bill is not to apply with respect to expenses incurred for procedures performed in connection with furnishing prosthetic lenses.

The Senate recedes.

TRANSFER OF ALL OUTPATIENT HOSPITAL SERVICES TO SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendment No. 71: Section 129 of the House bill amended the appropriate sections in title XVIII of the Social Security Act to place coverage of all outpatient hospital services in the supplementary medical insurance program.

The Senate amendment made the provisions of the House bill applicable with respect to services furnished after March 31, 1968, rather than December 31, 1967, except that the elimination of the physician certification requirement with respect to outpatient hospital diagnostic services would apply to services furnished after the date of the enactment of the bill.

The House recedes.

PAYMENT FOR PHYSICAL THERAPY SERVICES FURNISHED TO OUTPATIENTS

Amendment No. 77: Section 133 of the House bill amended section 1861(s) (2) of the Social Security Act to provide supplementary medical insurance coverage of physical therapy furnished to an outpatient, in a residence used as the patient's home, by a hospital or by others under arrangements with the hospital, if such therapy is under the supervision of such hospital. This provision would apply with respect to services furnished after December 31, 1967.

The Senate amendment provided coverage for outpatient physical therapy services furnished by physical therapists employed by or under an agreement with, and under the supervision of, hospitals and other providers of services as well as approved clinics or rehabilitation centers, and local public health agencies that meet standards established by the Secretary of Health, Education, and Welfare relating to health and safety. The patient would not have to be homebound for the physical therapy services to be covered. Payment would be made for such services only when furnished in accordance with a plan, established and periodically reviewed by a physician, that would prescribe the type of physical therapy services to be provided and the amount and duration of such services. The Senate amendment would apply with respect to services furnished after June 30, 1968.

The House recedes with a technical amendment.

BLOOD DEDUCTIBLES

Amendments Nos. 78 and 79: Section 135 of the House bill amended sections 1813(a)

(2) (as redesignated by the bill) and 1866 (a) (2) (c) of the Social Security Act to provide that equivalent quantities of packed red blood cells shall be treated as blood under the hospital insurance program, and that a patient would have to replace 2 pints of blood for the first pint of blood received (rather than 1 pint as under present law) for purposes of the 3-pint deductible. The House bill also amended section 1833(b) by establishing a 3-pint deductible requirement with respect to blood (or equivalent quantities of packed cells) furnished to an individual during a calendar year under the supplementary medical insurance program.

The Senate amendments deleted the requirement in the House bill that the patient replace, for purposes of the 3-pint deductible, 2 pints of blood for the first pint of blood received.

The House recedes.

EXTENSION BY 60 DAYS DURING INDIVIDUAL'S LIFETIME OF MAXIMUM DURATION OF BENEFITS FOR INPATIENT HOSPITAL SERVICES

Amendment No. 80: Section 137 of the House bill amended section 1812 (a) (1) and (b) (1) of the Social Security Act to provide a maximum of 120 days (rather than 90) of inpatient hospital services for an individual during any spell of illness, and amended section 1813(a) (1) of the act to provide that the amount payable for such services for each day before the 121st day and after the 90th day of a spell of illness will be reduced by a coinsurance amount equal to one-half of the inpatient hospital deductible determined under section 1813(b). (The inpatient hospital deductible is currently established at \$40.)

The Senate amendments provided an individual with a lifetime reserve of 60 days of additional coverage for inpatient hospital care for use after he has exhausted the 90 days of hospital services to which he is entitled during any spell of illness. The coinsurance amount for each such additional day of coverage would equal one-fourth of the inpatient hospital deductible determined under section 1813(b).

The conference agreement contains the Senate provision for a lifetime reserve of 60 additional days, but applies the House provision for a coinsurance amount equal to one-half of the inpatient hospital deductible.

METHOD OF DETERMINING REASONABLE COST FOR PROVIDERS OF SERVICES

Amendment No. 84: The Senate amendment added to the House bill a new section (142) amending section 1861(v) (1) of the Social Security Act by providing that the regulations prescribed by the Secretary of Health, Education, and Welfare for determining the reasonable cost of services under title XVIII shall give a provider of services the option of having the cost of covered services determined on a per diem basis (per diem costs prevailing in a community for comparable quality and levels of services would be taken into account in determining such per diem basis). Cost of services would otherwise be determined on the basis of a per unit, per capita, or other basis insuring the provider reasonable cost reimbursement.

The Senate recedes with the understanding on the part of the conferees for both the Senate and the House that this action is not to be taken as a final decision or prejudgment respecting the issue of reimbursing providers of service under the medicare program by alternative methods to those now employed. Such decisions should not be made until such time as adequate data concerning the actual cost of benefits furnished to medicare beneficiaries have been obtained and made available to Congress. At the present time such data have not been compiled since the actual costs incurred by providers for services furnished to medicare recipients during the first fiscal year of operation of the program have not been finally determined. The Department of Health, Educa-

tion, and Welfare has been directed to furnish such data to the Committee on Ways and Means and the Committee on Finance as soon as it is available.

ALLOWANCE FOR DEPRECIATION AND INTEREST IN DETERMINING REASONABLE COST UNDER TITLES V, XVIII, AND XIX

Amendment No. 85: The Senate amendment added to the House bill a new section (143) providing that the Secretary of Health, Education, and Welfare would take into account any disapproval by State agencies carrying on planning under the Partnership for Health Act of expenditures (made after June 30, 1970, or an earlier date at the request of a State) by hospitals or other health facilities for substantial capital items. Depreciation and interest attributable to substantial capital items found not in accordance with a State's overall plan would not be includable as a part of the "reasonable cost" of covered services provided to individuals under titles V, XVIII, and XIX.

The Senate recedes.

STATE AGREEMENTS FOR COVERAGE UNDER THE HOSPITAL INSURANCE PROGRAM FOR THE AGED

Amendment No. 86: The Senate amendment added to the House bill a new section (144), adding a new section 1818 to the Social Security Act permitting a State to enter into an agreement with the Secretary of Health, Education, and Welfare for the provision of hospital insurance coverage beginning April 1, 1968, for State and local employees, retired or active (and their dependents and survivors), age 65 or over who do not otherwise qualify for medicare hospital insurance protection. A State would reimburse the Federal Hospital Insurance Trust Fund for the actual costs of benefits paid and administrative expenses incurred with respect to these persons. An agreement (either in its entirety or with respect to any one or more coverage groups) could be terminated if the Secretary finds that the State concerned is no longer legally able to comply with the provisions of the agreement. A State may also, at its option, terminate such an agreement.

The Senate recedes.

PROVISIONS FOR BENEFITS UNDER PART A OF TITLE XVIII OF THE SOCIAL SECURITY ACT FOR PATIENTS ADMITTED PRIOR TO 1968 TO CERTAIN HOSPITALS

Amendment No. 87: The Senate amendment added to the House bill a new section (145), providing that payment may be made, on the basis of an itemized bill, to an individual entitled to hospital insurance benefits for inpatient hospital services furnished after June 30, 1966, in certain nonparticipating hospitals as a result of admissions occurring before January 1, 1968. The hospital must be licensed as a hospital, have full-time nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. Application for reimbursement under this provision would have to be filed before January 1, 1969, and payment would be limited to 60 percent of room and board charges and 80 percent of hospital ancillary charges for up to 90 days in each spell of illness (subject to cost-sharing provisions in present law) if the hospital formally participates in the hospital insurance program before January 1, 1969, and applies its utilization review plan to the services furnished such individual. If the hospital does not participate before January 1, 1969, payment under this provision would be limited to 20 days in each spell of illness.

The House recedes with technical amendments.

PAYMENT FOR EMERGENCY HOSPITAL SERVICES

Amendment No. 88: The Senate amendment added to the House bill a new section (146), amending section 1861(a) of the Social

Security Act to redefine, effective July 1, 1966, the term "hospital" (for purposes of paying for emergency hospital services) to mean an institution which must be licensed as a hospital, have full-time nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. The requirements under present law with respect to clinical records, medical staff bylaws, and care of patient by a physician are eliminated. The Senate amendment also provided that if the hospital does not bill for emergency hospital services, the patient could be paid 60 percent of the room and board charges and 80 percent of the hospital ancillary charges (or, if the hospital does not make separate charges for routine and ancillary services, two-thirds of the hospital's reasonable charges), subject to deductible and other existing limitations, with respect to hospital admissions occurring after December 31, 1967.

The House recedes with technical amendments.

PAYMENT FOR CERTAIN SERVICES FURNISHED OUTSIDE THE UNITED STATES

Amendment No. 89: The Senate amendment added to the House bill a new section (147), amending section 1814(f) of the Social Security Act to permit, effective with admissions occurring after March 31, 1968, direct payment of hospital insurance benefits to a resident of the United States for up to 20 days of inpatient hospital services furnished in a country contiguous to the United States by a hospital which is not more than 50 miles from the border of the continental United States. For nonemergency care, the hospital would have to be the nearest suitable one to the patient's residence. Payment would also be made for emergency inpatient services furnished in a foreign hospital within 50 miles of the United States border if the hospital was the closest one suitable for treatment and the emergency necessitating such services occurred no more than 50 miles outside the United States. Benefits would be payable only on the basis of a request for payment by an individual entitled to hospital insurance benefits and only if the foreign hospital met standards that are essentially comparable to those required of hospitals participating under the program in the United States. Subject to appropriate deductibles and other limitations, the amount payable under this provision would be equal to 60 percent of the hospital's reasonable charges for routine services in the room occupied by the individual or in semiprivate accommodations, whichever is less, plus 80 percent of the hospital's reasonable charges for ancillary services, or, if separate charges for routine and ancillary services are not made by such hospital, reimbursement may be made to the patient on the basis of two-thirds of the hospital's reasonable charges but not to exceed the charges that would have been made if the patient had occupied semiprivate accommodations.

The Senate recedes with the understanding that the Departments of Health, Education, and Welfare and State will explore, and report to the Committees on Ways and Means and Finance, the feasibility of entering into reciprocal agreements and arrangements with neighboring nations designed to make medicare benefits available to U.S. citizens who receive necessary hospital care in such nations.

PAYMENT UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM FOR CERTAIN INPATIENT ANCILLARY SERVICES

Amendment No. 90: The Senate amendment added to the House bill a new section (148), amending section 1861(s) of the Social Security Act to permit, effective April 1, 1968, payment under the medical insurance program for certain ancillary hospital and extended care facility services, principally X-ray and laboratory services, furnished to inpatients who cannot qualify for payments

under the hospital insurance program—for example, in cases where hospital patients have exhausted their eligibility under the hospital insurance program, or when extended care facility patients have not met the 3-day hospitalization requirement.

The House recedes with a technical amendment.

GENERAL ENROLLMENT PERIOD UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendment No. 91: The Senate amendment added to the House bill a new section (149), providing that the general enrollment periods for the supplementary medical insurance program would be placed (beginning with 1969) on an annual rather than a biennial basis, and run from January 1 through March 31, rather than from October 1 through December 31 as under present law. The Secretary would determine and promulgate during December of each year the premium rate for the program which would be applicable for the 12-month period beginning on the following July 1 and would be required to issue a public statement setting forth the actuarial assumptions and other bases upon which he arrived at such rate. Under the Senate amendment persons wishing to disenroll could do so at any time, but such disenrollment would not take effect until the close of the calendar quarter following the quarter in which the notice of disenrollment was filed. The amendment would also substitute a one-time late enrollment charge (up to 3 additional monthly premiums) for the 10 percent premium increase in section 1839(c) of the Social Security Act for those who delay their enrollment in the program, and would modify section 1837(b) (1) to provide that no individual may enroll for the first time under the program unless he does so in a general enrollment period which begins within 3 years after the close of the first enrollment period during which he could have so enrolled.

The House recedes with an amendment providing for the retention of the percentage premium increase provision in present law for those who delay enrollment, and the deletion of the late enrollment charge in the Senate bill.

ELIMINATION OF SPECIAL REDUCTION IN ALLOWABLE DAYS OF INPATIENT HOSPITAL SERVICES FOR PATIENTS IN TUBERCULOSIS HOSPITALS

Amendment No. 92: Section 138 of the House bill provided that the limitation in section 1812(c) of the Social Security Act on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric or tuberculosis hospital at the time he first becomes eligible for benefits under the hospital insurance program would not be applicable to benefits for services in a general hospital if such services are not primarily for the diagnosis or treatment of mental illness or tuberculosis.

The Senate amendment changed the provisions of the House bill by eliminating the provision in present law under which days spent in a tuberculosis hospital by an individual immediately before his initial entitlement to hospital insurance reduced the days of inpatient hospital coverage for which he is eligible, after entitlement, during his first spell of illness. The Senate amendment would provide that no reduction would occur in such individual's hospital insurance coverage, after initial entitlement, during his first spell of illness, regardless of whether he receives inpatient services in a tuberculosis or general hospital. The Senate amendment retained the House provision with respect to inpatients of psychiatric hospitals.

The House recedes with a technical amendment.

INCLUSION OF OPTOMETRISTS' SERVICES UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendment No. 93: The Senate amendment added to the definition of "physician"

in section 1861(r) of the Social Security Act a doctor of optometry but only for the purpose of including his services as medical and other health services covered under the supplementary medical insurance program and only with respect to functions he is authorized to perform by the State in which he practices. The Senate provision also added to section 1862(a) of the Act (relating to items and services excluded from coverage under title XVIII) expenses for an optometrist's services in connection with the detection of eye diseases, or for his referral of an individual to a physician (as presently defined in the act) arising from such services.

The Senate recedes.

INCLUSION OF CHIROPRACTORS' SERVICES UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendment No. 94: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a licensed chiropractor but only for the purpose of including his services as medical and other health services covered under the supplementary medical insurance program and only with respect to functions he is legally authorized to perform by the State in which he practices.

The Senate recedes.

INCLUSION OF PSYCHOLOGISTS' SERVICES UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

Amendment No. 95: The Senate amendment added to the definition of "physician" in section 1861(r) of the Social Security Act a licensed or certified psychologist but only for the purpose of including his services as a medical and other health service covered under the supplementary medical insurance program and only with respect to functions which he is legally authorized to perform by the State in which he practices.

The Senate recedes.

OVERPAYMENTS

Amendment No. 98: The Senate amendment added to the House bill a new section (152), amending section 204(a) of the Social Security Act to direct the Secretary of Health, Education, and Welfare to recover benefits overpaid to an individual by withholding benefits payable to him or his estate or to any other person entitled to benefits on the same earnings record, or by requiring a refund from him or his estate, or by any combination of these. A beneficiary who is liable for repayment of an overpayment, whether the overpayment was made to him or to another person, would qualify for waiver of recovery of the overpaid amount if he is without fault and meets the other conditions prescribed in the law. (Underpayments would be paid to the underpaid beneficiary, or, if he has died, to other persons in accordance with section 204(d) of the Act as amended by the bill (see Senate amendment No. 100).)

The House recedes with a technical amendment.

BENEFITS PAID ON THE BASIS OF ERRONEOUS REPORTS OF DEATH IN MILITARY SERVICE

Amendment No. 99: The Senate amendment added to the House bill a new section (153), further amending section 204(a) of the Social Security Act to make benefits paid on the basis of an official report of the death of an active-duty serviceman in line of duty, issued by the Department of Defense, lawful payments even though it is later determined that the serviceman is still alive.

The House recedes with a technical amendment.

UNDERPAYMENTS

Amendment No. 100: Section 152 of the House bill amended section 204(d) of the Social Security Act to provide that cash benefits due a beneficiary at the time of his death are to be paid in the following order or priority:

(1) To his surviving spouse entitled to benefits on the same earnings record as he was, or

(2) to his child or children (in equal parts) entitled on that earnings record, or
 (3) to his parent or parents (in equal parts) entitled on that earnings record, or
 (4) to the legal representative or his estate, or

(5) to his surviving spouse not entitled to benefits on the same earnings record as he was, or

(6) to his child or children (in equal parts) not entitled on that earnings record.

If none of these persons exist, no payment would be made.

Section 152 of the House bill also amended section 1870 of the Act to provide that unpaid medical insurance benefits are to be settled as follows: Where a beneficiary who has received services for which payment is due him dies, and the bill for such services has been paid but reimbursement under the medical insurance program has not been made, payment of the medical insurance benefits would be made to the person who paid the bill. If payment could not be made to that person, payment would be made to the legal representative of the deceased beneficiary's estate, if there is one—otherwise to relatives of the deceased individual in the following order of priority:

(1) To his surviving spouse living with him at the time of his death, or

(2) to his surviving spouse entitled to benefits on the same earnings records as he was, or

(3) to his child or children (in equal parts).

If none of these persons exist, no payment would be made.

A further provision, not affected by the Senate amendment, authorized the Secretary to settle claims for unpaid medical insurance benefits, in cases where the bill for covered services had not been paid, by making payment to the physician or other person who provided the services, but only if such physician (or other person) agrees to accept the reasonable charge for the services as his full charge.

The Senate amendment modified section 152 of the House bill to provide the following uniform order of priority for both cash benefits and medical insurance benefits due after the beneficiary's death (except that any medical insurance benefits would of course be paid first to the person who paid for the services involved, or, if that person is the deceased beneficiary himself, to the legal representative of his estate if there is one):

(1) To the surviving spouse of the deceased individual if she was either living with him at the time of his death or entitled to benefits on the same earnings record as he was, or

(2) to his child or children (in equal parts) entitled to benefits on that earnings record, or

(3) to his parent or parents (in equal parts) entitled on that earnings record, or
 (4) to his surviving spouse if she was neither living with him nor entitled to benefits on that earnings record, or

(5) to his child or children not entitled on that earnings record, or

(6) to his parent or parents not entitled on that earnings record, or

(7) to the legal representative of his estate, if any, or

(8) to any person or persons related to him by blood, marriage, or adoption who may be determined by the Secretary to be the proper person or persons to receive the payment due.

The House recedes with amendments (1) directing payment of supplementary medical insurance benefits to the person who paid the bill for the services involved (ahead of all the other categories) even though the payment of such bill occurred after the beneficiary's death, and (2) eliminating the Senate provision which authorized payment

of benefits to persons related to the beneficiary by blood, marriage, or adoption where there is no one to pay in any of the first seven categories.

DEFINITION OF DISABILITY

Amendment No. 109: Under existing law, the term "disability" is defined in general as inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last at least 12 months.

Section 156 of the House bill amended section 223 (and related provisions) of the Social Security Act so as to clarify the definition by providing guidelines emphasizing the role of medical standards in determining disability so that an individual is not to be considered under a "disability" unless his impairment is of such severity that he is not only unable to do his previous work but cannot (considering his age, education, and work experience) engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the general area where he lives, or whether a specific job vacancy exists for him or he would be hired if he applied for work. The Secretary of Health, Education, and Welfare is directed to establish criteria which are to be conclusive for determining when work or earnings demonstrate ability to engage in substantial gainful activity. Section 156 also provided a more restrictive definition of disability for disabled widows and widowers than exists in present law for disabled workers; a widow or widower would not be found to be under a disability unless his or her impairments are of a level of severity deemed sufficient to preclude an individual from engaging in any gainful activity (see discussion of Senate amendment No. 27).

The Senate amendment struck out of the House bill the language clarifying the definition of disability, retaining only a technical change, and also eliminated the more restrictive definition applicable to widows and widowers.

The conference agreement contains substantially the provision of the House bill, but includes language designed to clarify the meaning of the phrase "work which exists in the national economy". This language puts into the statute the same meaning of the phrase that was expressed in the reports of both committees. Under the added language, "work which exists in the national economy" means work that exists in significant numbers in the region in which the individual lives or in several regions in the country. The purpose of so defining the phrase is to preclude from the disability determination consideration of a type or types of jobs that exist only in very limited number or in relatively few geographic locations in order to assure that an individual is not denied benefits on the basis of the presence in the economy of isolated jobs he could do.

AMENDMENT TO COMPLY WITH TREATY OBLIGATIONS

Amendment No. 119: The Senate amendment added to the House bill a new section (162), amending sections 228(a) and 1836 of the Social Security Act and section 103(a) of the Social Security Amendments of 1965. Under the Senate amendment, the present 5-year residence requirements that uninsured aliens must meet in order to qualify for hospital insurance benefits or special age-72 cash payments, or to be eligible to participate in the supplementary medical insurance program, will not apply to any individual when their application would be contrary to present treaty obligations of the United States.

The Senate recedes.

EFFECTIVE DATE OF LIMITATION ON PAYMENT OF BENEFITS TO ALIENS OUTSIDE THE UNITED STATES

Amendment Nos. 121, 122, and 123: Section 160 of the House bill amended section 202(t) of the Social Security Act to provide that the present 40-quarters-of-coverage and 10-years-residence exceptions to the provision requiring the withholding of benefits from aliens outside the United States are not to apply to aliens who are citizens of a country that has a social insurance or pension system of general applicability under which benefits are denied to otherwise eligible Americans while they are outside of that country, or who are citizens of a country that does not have such a system if at any time during a specified 5-year period benefits to individuals in that country cannot be paid because of the Treasury ban on payments to Communist-controlled countries. This change was made applicable for and after the sixth month following enactment.

Section 160 of the House bill also prohibited payment of any benefits for months after enactment which are withheld on account of the Treasury ban, and provides that past benefits withheld (through the month of enactment) may not be paid, if and when the ban ends, in excess of the last 12 months' benefits or to anyone other than the beneficiary or a survivor entitled to benefits on the same earnings record.

The Senate amendment modified section 160 of the House bill to delay the effective dates of these provisions until December 31, 1968.

The conference agreement delays the effective dates of these provisions only until June 30, 1968.

SPECIAL PROVISION IN THE CASE OF CERTAIN CHILDREN

Amendment No. 124: Section 161 of the House bill amended section 203(a) of the Social Security Act to provide that benefits payable to illegitimate children whose entitlement to benefits derives from section 216(h)(3) of the Act as added by the 1965 Amendments may not exceed the difference between the total amount payable to other persons on the same wage record and the family maximum amount.

The Senate amendment modified section 161 of the House bill (1) to provide that where benefits payable on the effective date of the 1965 Amendments were reduced because such a child became entitled to benefits under the provision added by the 1965 Amendments, the benefits will no longer (after February 1968) be so reduced, and (2) to permit the provisions of present law to continue to apply in the case of children who became entitled under section 216(h)(3) after the effective date of the 1965 Amendments or become so entitled in the future.

The conference agreement incorporates in substance the Senate amendment with respect to those on the benefit rolls in the month of enactment and retains the House provision with respect to children becoming entitled to benefits in the future. It also makes appropriate adjustment in effective dates and qualifications to assure their proper coordination.

ADVISORY COUNCIL ON SOCIAL SECURITY

Amendment No. 126: Section 163 of the House bill amended section 706 of the Social Security Act to provide that an Advisory Council on Social Security is to be appointed in February 1969 and in February of every fourth year thereafter (instead of "during 1968 and every fifth year thereafter" as in existing law), and that each such Council is to report no later than January 1 of the year following the year of its appointment. (Section 163 also provided that the Chairman of each such Council is to be appointed by the Secretary; under existing law the Com-

missioner of Social Security serves as Chairman.)

The Senate amendment modified section 163 of the House bill to provide that the Advisory Council appointed in 1969 and every fourth year thereafter is to be appointed at any time after January 31 rather than "during February" as in the House bill, and will have until the first day of the second year following the year of its appointment (as in existing law) to make its report including any interim reports it might have issued.

The House recedes with a technical amendment.

DISCLOSURE TO COURTS OF THE WHEREABOUTS OF CERTAIN INDIVIDUALS

Amendment Nos. 130 and 131: Section 166 of the House bill provided that, upon request, the Secretary of Health, Education, and Welfare is to furnish an appropriate court with the most recent address of a deserting father (or his employer) if the court requests the information in connection with a support or maintenance order for a child.

The Senate amendment modified section 166 of the House bill so as to assure that information regarding the runaway parent's whereabouts will also be available to courts in interstate support or maintenance proceedings.

The House recedes.

EXPEDITED BENEFIT PAYMENTS

Amendment No. 141: The Senate amendment added to the House bill a new section (172), amending section 205 of the Social Security Act to provide for expedited payment of claims for monthly benefits on the basis of a written request filed under specified conditions in certain cases where an individual alleges that a benefit due him was not paid.

The House recedes with a technical amendment.

STUDY OF PROPOSED LEGISLATION

Amendment No. 142: The Senate amendment added to the House bill a new section (173), directing the Secretary of Health, Education, and Welfare to study and report to the Congress, on or before January 1, 1969, the effects (including the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry) which might result from enactment of two proposals relating to drugs: (1) a proposal to cover qualified drugs under the supplementary medical insurance program, and (2) a proposal to establish, utilizing a formulary committee, quality and cost control standards for drugs provided under the various Federal-State assistance programs and the hospital insurance program.

The Senate recedes (but a somewhat similar provision is included in section 405 of the bill—see amendment No. 282).

DISABILITY INSURANCE BENEFITS FOR THE BLIND; DEFINITION OF BLINDNESS

Amendment No. 143: The Senate amendment added to the House bill a new section (174), amending section 223 (and related provisions) of the Social Security Act to provide that for purposes of both disability insurance benefits and the disability freeze the term "disability" includes blindness (as defined by the amendment) regardless of whether or not the individual involved can engage (or is engaging) in substantial gainful activity, and also to provide that an individual whose disability is blindness (as so defined) is insured for disability insurance benefits for any month if he had not less than 6 quarters of coverage before the quarter in which such month occurs; such an individual would continue to receive his disability insurance benefits after attaining age 65. (Existing law generally requires an individual to be fully insured and to have 20 quarters of coverage in the 40 quarters ending with the quarter in which the dis-

ability begins, with a limited relaxation of the latter requirement in certain cases involving blindness.) The term "blindness" is redefined to mean central visual acuity of 20/200 or less in the better eye, or visual acuity better than 20/200 if accompanied by a limitation of the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

The conference agreement contains the liberalized definition of blindness, but omits the other provisions of the Senate amendment.

CHILD'S INSURANCE BENEFITS WHERE DISABILITY BEGAN BETWEEN 18 AND 22

Amendment No. 144: The Senate amendment added to the House bill a new section (175), amending section 202 of the Social Security Act to permit a child to become entitled to child's insurance benefits on the basis of a disability which began at any time before age 22 (rather than only on the basis of a disability which began before age 18, as required under present law).

The Senate recedes.

ATTORNEYS' FEES

Amendment No. 145: The Senate amendment added to the House bill a new section (176), amending section 206(a) of the Social Security Act to authorize the Secretary of Health, Education, and Welfare to certify payment of attorneys' fees for services rendered in administrative proceedings from past-due benefits of a successful claimant. The amount of the fee so certified in any case would be the smaller of: (A) 25 percent of the total past-due benefits, (B) the amount of the attorney's fee fixed by the Secretary, or (C) the amount agreed upon between the claimant and the attorney.

The House recedes with a technical amendment.

PROGRAMS OF SERVICES FURNISHED TO FAMILIES WITH DEPENDENT CHILDREN

Amendments 146, 147, 149, 153, 157, and 166: Section 201 of the House bill amended title IV of the Social Security Act to require that services be provided under State AFDC plans to assure to the maximum extent possible that children and other family members will enter the labor force so that they will become self-sufficient and for the purpose of reducing the number of births out of wedlock including the offer of family planning services in all appropriate cases and otherwise strengthening family life. The House bill also strengthens services relating to the establishment of paternity, securing support and other specific services. (As under present law, States can secure Federal participation in other services if they choose to provide them.)

The Senate amendments generally accept the provisions of the House bill, appropriately adjusted to reflect the transfer of most of the responsibility for employability services to the Secretary of Labor. They also broaden the provision in existing law which requires a program of services for children so as to include other family members under the State plan. The program is to include any needed child-welfare services, and any other services needed for preserving, rehabilitating, reuniting, or strengthening the family and services that will assist members of the family toward maximum self-support and personal independence.

The House recedes with amendments which are largely of a technical or conforming nature.

STATE AND LOCAL SINGLE ORGANIZATIONAL UNIT PROVIDING SERVICES UNDER FAMILY PROGRAMS

Amendments Nos. 154, 155, and 167: Section 402(a)(15) of the Social Security Act under section 201(a)(1) of the House bill, required that where the programs of services furnished to families with dependent children are developed and the services provided by the staff of the State or local agency

administering the State AFDC plan, the provision of the services must be the responsibility of a single organizational unit in such State or local agency.

Senate amendments Nos. 154 and 155 modified the provisions of the House bill so as to eliminate the single-unit requirement in the case of a local agency while retaining the requirement in cases where it is the State agency that develops and implements the program of services. Senate amendment No. 167 modified section 201(g) of the House bill to provide that if on enactment the State agency responsible for the State AFDC plan is different from the State agency responsible for the State's child-welfare services plan, the requirement for a single organizational unit would not apply for so long as such agencies are different. (See also Senate amendments Nos. 250 through 253.)

The conference agreement retains the House provision requiring a single organizational unit in a local agency as well as in a State agency; it retains the provisions of Senate amendment No. 167 waiving the single organizational unit requirement in cases where at time of enactment the two State agencies involved are different, and in addition provides a similar waiver for local agencies in cases where at time of enactment the two local agencies involved in a political subdivision are different.

EARNINGS EXEMPTIONS FOR PUBLIC ASSISTANCE RECIPIENTS

Amendments Nos. 173, 174, 175, and 176: Section 202(b) of the House bill amended section 402(a) of the Social Security Act to require each State under its AFDC plan to exempt all of the earnings of recipients who are under age 16, or who are age 16 to 21 if they are in full-time school attendance, and to exempt the first \$30 of the total of the monthly earnings of the family plus one-third of the remainder of the earnings of the family (including children age 16-21 not in school, the caretaker relative, and any other individual living in the home and taken into account in the determination of need).

Senate amendments Nos. 173 and 174 modified the House bill to provide that all of the earnings of any child receiving AFDC are to be exempted only if the child is a full-time student or a part-time student who is not a full-time employee. Senate amendments Nos. 175 and 176 increased the amount to be exempted from the first \$30 of total monthly earnings plus one-third of the remainder to the first \$50 of total monthly earnings plus one-half of the remainder. The amendments would become effective July 1, 1969, but a State could put them into effect at any time after December 31, 1967.

The House recedes on amendments Nos. 173 and 174, and the Senate recedes on amendments Nos. 175 and 176.

With respect to amendment No. 174, the House recedes with the understanding that in order to qualify for the earnings exemption a part-time student must have a school schedule that is equal to at least one-half of a full-time curriculum.

EXEMPTION OF SUPPORT CONTRIBUTIONS AS EARNED INCOME OF RECIPIENTS OF AFDC

Amendment No. 178: The Senate amendment added to section 402(a)(8) of the Social Security Act, as amended by section 202 of the House bill, a provision that contributions by an absent parent under a court order for the support of a dependent child receiving AFDC are to be considered as earned income for purposes of determining need and the amount of the assistance payment, subject to the earnings exemptions provided in the bill (see Senate amendments Nos. 173 through 176).

The Senate recedes.

EXEMPTION OF EARNINGS UNDER OLD AGE ASSISTANCE AND AID TO THE PERMANENTLY AND TOTALLY DISABLED

Amendments Nos. 181, 182, 183, and 184: Senate amendments Nos. 181, 182, and 183

added to section 202 of the House bill provisions amending sections 2(a), 1402(a), and 1602(a) of the Social Security Act to apply the same provisions for exemption of earned income that are incorporated in title IV—i.e., the first \$50 plus one-half of the remainder (under Senate amendments Nos. 175 and 176)—to persons receiving aid or assistance under titles I, XIV, and XVI of the Act. Senate amendment No. 184 modified section 202(d) of the House bill to apply to the determination of need under titles I, X, XIV, XVI, and XIX of the Act the requirement (applicable only to AFDC under the House bill) that States disregard any earned income exemptions which may be provided by other laws.

The Senate recedes on amendments Nos. 181, 182, and 183. The conference agreement contains the provision added by amendment No. 184, with amendments conforming to the Senate recession on the preceding amendments and making the provision effective July 1, 1968.

UNEMPLOYED FATHERS UNDER AFDC

Amendments Nos. 186, 189, 190, 191, 193, and 195: Section 407 of the Social Security Act, as amended by section 203(a) of the House bill, defined an unemployed father (for purposes of determining the eligibility of his children for AFDC) so as to exclude fathers who do not have 6 or more quarters of work in any 13-calendar-quarter period ending within one year prior to the application for aid, and fathers who receive (or are qualified to receive) any unemployment compensation under State law.

The Senate amendments removed these exclusions, and restored the provision of present law under which a State may at its option wholly or partly deny AFDC for any month where the father receives unemployment compensation during the month. (The Senate amendments also removed certain work or training requirements in order to conform with amendments No. 198, and modified the effective date provisions of the House bill.)

The Senate recedes (except on the conforming amendments and effective date provisions).

MANDATORY PROVISION OF AID TO CHILDREN IN NEED BECAUSE OF FATHER'S UNEMPLOYMENT

Amendment No. 197: The Senate amendment added to section 203 of the House bill a new subsection (c), amending section 402 (a) of the Social Security Act to require an approved State plan for AFDC to provide, effective July 1, 1969, for assistance to children in need because of the unemployment of their father as provided in section 407 of the Act. (Section 407 itself, under both the House bill and Senate amendments Nos. 185 through 196, simply gives the States the option of extending their AFDC programs to include these children.)

The Senate recedes.

WORK INCENTIVE PROGRAMS FOR RECIPIENTS OF AFDC

Amendment No. 198: Section 204 of the House bill provided for a community work and training program for all appropriate adults and older children receiving AFDC, to be administered by the welfare agencies. Participation by an individual in the program would be a condition of that individual's eligibility for aid; and if a relative refused without good cause to participate, aid for the children would be denied or if provided would be limited to protective or vendor payments or payments for foster care.

The Senate amendment substituted for the House bill's community work and training program a new work incentive program to be administered by the Department of Labor for AFDC recipients referred by wel-

fare agencies. Those referred would be assigned to regular employment, institutional or work-experience training, or subsidized special work projects, depending upon their experience and qualifications; certain classes of persons for whom any referral would be inappropriate are specifically enumerated. Persons assigned to regular employment would qualify for the earnings exemption provided by section 202 of the bill; and an incentive training allowance of up to \$20 a week would be provided for those assigned to training programs. If an individual refused without good cause (as determined by the Secretary of Labor) to accept work or training, AFDC payments on behalf of the dependent children to such individual would not terminate, and such individual's needs could continue to be taken into account for 60 days if he received counseling during that period (but his grant would have to be paid in the form of protective or vendor payments). Mothers or other relatives could not be required to participate in a work program necessitating their absence from home during times when the children are not attending school. Recipients under the District of Columbia's special program of temporary assistance for unemployed parents would be treated the same as recipients of AFDC under a regular unemployed parents program.

The conference agreement contains the provisions of the Senate amendment, with amendments (1) changing the incentive training allowance from \$20 a week to \$30 a month, (2) decreasing the Federal share from 90 to 80 percent of the costs of carrying out the program, (3) eliminating mothers and other relatives who care for pre-school children or children under 16 attending school from the specified classes of persons for whom referral under the program is declared to be inappropriate, (4) removing the provision which would have allowed the States, under criteria established by the Secretary, to set up other exclusions (the conferees believe that the language which allows the States to define the term "appropriate" gives sufficient flexibility to the States to determine who should be referred to the work incentive program), and (5) providing that if a relative refuses without good cause to accept work or training, AFDC payments on behalf of the dependent children must be made in the form of protective or vendor payments or payments for foster care.

It is the understanding and clear intent of the conferees that the Department of Labor functions in this program will be carried out through the system of State employment service offices.

The conferees noted that the agreed-upon bill contains provisions requiring the Secretary of Labor to make an annual report (the first one due July 1, 1970) on the program, and that the Secretary of Health, Education, and Welfare is to make similar reports (also beginning on July 1, 1970) on programs of the States furnishing services designed to make it possible for AFDC recipients to take work or training. The conferees intend to watch very closely the administration of this program and the emerging experience gained under it.

At the request of the conferees, the Department of Labor furnished its estimates, based upon the provisions of the bill agreed to by the conference committee, concerning expenditures for work and training activities under the program, the numbers of persons who could be trained and located in employment, and reductions in Federal expenditures under the AFDC program which will result from these activities. These estimates are shown in the following table furnished by the Department of Labor.

WORK-TRAINING IMPACT

Fiscal year	Work-training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) ¹	Full-time job placements after training (thousands)
1968---	\$30	---	27	---
1969---	\$129	-\$11	110	13
1970---	165	-63	150	55
1971---	209	-145	190	75
1972---	308	-257	280	95
Total.	841	-476	757	238

¹ Does not include recipients on priority III work projects.
² Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

FEDERAL PARTICIPATION IN PAYMENTS FOR FOSTER CARE OF CERTAIN DEPENDENT CHILDREN

Amendments Nos. 200 and 201: Section 205 of the House bill amended title IV of the Social Security Act to authorize Federal participation in payments for foster care of certain dependent children under the AFDC program to the extent that such payments do not exceed an average of \$100 per month, effective with respect to foster care provided after September 1967.

Senate amendment No. 200 reduced this figure to \$50, and Senate amendment No. 201 made the provision effective with respect to foster care provided after December 1967.

The Senate recedes on amendment No. 200, and the House recedes on amendment No. 201.

EMERGENCY ASSISTANCE FOR CERTAIN NEEDY FAMILIES WITH CHILDREN

Amendments Nos. 207, 208, and 212: Section 206 of the House bill amended title IV of the Social Security Act to provide that the Federal Government will participate in State expenditures under a program for emergency assistance to certain needy families with children which is furnished for not more than 30 days in any 12-month period.

Senate amendment No. 207 extended to 60 days in any 12-month period the period for which Federal sharing as provided in the House bill may be available. Senate amendment No. 208 excluded from such Federal sharing expenditures for children whose destitution or need for living arrangements arose because the child or the caretaker relative refused without good cause to accept employment or training for employment. Senate amendment No. 212 added a provision making it clear that the emergency assistance so authorized may be provided to migrant workers with families in the State or in a part or parts of the State designated by the State.

The Senate recedes on amendment No. 207, and the House recedes on amendments Nos. 208 and 212.

PROTECTIVE AND VENDOR PAYMENTS WITH RESPECT TO DEPENDENT CHILDREN

Amendment No. 213: Section 207 of the House bill, which authorized Federal sharing under the AFDC program in vendor payments made directly to a person furnishing goods and services as well as in protective payments made to another individual who is interested in or concerned with the welfare of the child or caretaker relative, struck out the provision of present law limiting the number of individuals receiving protective payments who may be included as AFDC recipients for any month to 5 percent of the number of other AFDC recipients for the month.

The Senate amendment retained the limit (which would now apply to vendor payments as well as protective payments) but increased it from 5 to 10 percent. The Senate amendment also eliminated the House provision for the inclusion of protective and vendor payments as AFDC without regard to certain

specified conditions in cases where the child or caretaker relative refuses without good cause to accept employment or training.

The conference agreement contains the Senate provision retaining the limit and increasing it from 5 to 10 percent, but excludes from the computation of the 10 percent any individuals with respect to whom protective or vendor payments are required because of refusal without good cause to accept work or training.

LIMITATION ON NUMBER OF CHILDREN WITH RESPECT TO WHOM FEDERAL PAYMENTS MAY BE MADE

Amendment No. 214: Section 208 of the House bill amended section 403 of the Social Security Act to provide that the number of children receiving AFDC with Federal financial participation in any State for any quarter after 1967 because of the absence of a parent from the home may not represent a proportion of the total under-21 population of the State at the beginning of the year involved which is larger than the corresponding proportion for the first quarter of 1967.

The Senate amendment removed this limitation from the bill.

The conference agreement includes the House provision, but bases the limitation on the number of children under 18 receiving aid as compared to the total under-18 population of the State instead of taking into account children up to 21, uses the first quarter of 1968 instead of the first quarter of 1967 as the base quarter for purposes of the comparison, and makes the limitation effective after June 30, 1968, instead of after December 31, 1967.

FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO HOMES OWNED BY RECIPIENTS OF AID OR ASSISTANCE

Amendments Nos. 217, 219, and 220: Section 209 of the House bill added to title XI of the Social Security Act a new section 1119, authorizing 50-percent Federal financial participation under specified conditions in expenditures not in excess of \$500 for repairs to a home owned by an aged, blind, or permanently and totally disabled recipient of aid or assistance under title I, X, XIV, or XVI of the Act.

The Senate amendment extended this provision to include the same Federal financial participation in home repair expenditures for recipients of AFDC under title IV of the Act.

The House recedes.

USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS IN PROVIDING SERVICES TO INDIVIDUALS APPLYING FOR AND RECEIVING ASSISTANCE

Amendment No. 221: The Senate amendment added to the House bill a new section (209), amending sections 2, 402, 1002, 1402, 1602, and 1902 of the Social Security Act to require each State plan for public assistance under title I, X, XIV, XVI, and XIX, and part A of title IV, to provide for the training and use of paid subprofessional staff as community aides in the administration of the plans, and for the use of nonpaid or partially-paid volunteers in a social service volunteer program in providing services to recipients and assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 249 and 271.)

The House recedes with a technical amendment.

SIMPLICITY OF ADMINISTRATION

Amendment No. 222: The Senate amendment added to the House bill a new section (210), amending sections 2, 402, 1002, 1402, and 1602 of the Social Security Act to require that a State's methods of administering its State plans approved under titles I, X, XIV, and XVI, and part A of title IV, be such as to assure that eligibility for and the extent of aid or assistance under the plans will be determined in a manner consistent with sim-

plicity of administration and the best interests of the recipients.

The Senate recedes.

LOCATION OF CERTAIN PARENTS WHO DESERT OR ABANDON DEPENDENT CHILDREN; ESTABLISHMENT AND COLLECTION OF LIABILITY TO THE UNITED STATES

Amendment No. 223: The Senate amendment added to the House bill a new section (211), amending title IV of the Social Security Act and chapter 64 of the Internal Revenue Code of 1954 to require that State plans for AFDC provide for the use of certain procedures for obtaining information through the files of the Department of Health, Education, and Welfare and the Internal Revenue Service and for the use of such information in the location of a parent against whom a court order has been issued or a petition filed for an order for the support of his children receiving aid; to require inter-State cooperation in securing compliance with a court order issued against a deserting parent; and to establish a procedure under which a deserting parent could become liable to the United States for the Federal share of the AFDC payments made for his children, or, if lower (for any unpaid portion of such a support order) which would be subject to collection by the Secretary of the Treasury.

The conference agreement contains the provisions of the Senate amendment on obtaining information for use in locating parents and on securing compliance with court support orders, but omits the provisions relating to the establishment and collection of liability to the United States.

PROVISION OF SERVICES BY OTHERS THAN A STATE

Amendment No. 224: The Senate amendment added to the House bill a new section (212), amending sections 3(a), 1003(a), 1403(a), and 1603(a) of the Social Security Act to permit the Secretary to make exceptions from the usual requirement that services (under a State plan approved under title I, X, XIV, or XVI of the Act) be obtained only from the State or local agency administering the plan or from certain other designated State agencies, in order to authorize the purchase of such services from other agencies and persons. (Section 201(d) of the House bill, which was not changed in substance by the Senate amendments, amended section 403(a) of the Act to provide that, except to the extent specified by the Secretary, child-welfare services, family planning services, and family services under a State plan for AFDC approved under title IV of the Act may be obtained from sources other than the designated State and local agencies.)

The House recedes with a technical amendment.

INCREASING INCOME OF RECIPIENTS OF ASSISTANCE

Amendment No. 225: The Senate amendment added to the House bill a new section (213), amending sections 2, 1002, 1402, and 1602 of the Social Security Act (effective July 1, 1968) to require each State to adjust its standards for determining need, the extent of its aid or assistance, and the maximum amount of the aid or assistance payable under its plans approved under titles I, X, XIV, and XVI so that the total aid or assistance and other income per recipient will be no less than \$7.50 per month above the total aid or assistance and other income per recipient under the standards and maximums applicable on December 31, 1966 (or on June 30, 1966, in the case of States with statutory cost-of-living adjustments). The new section also amended section 402(a) of the Act to require that by July 1, 1969, and annually thereafter, each State (under its plan for AFDC approved under title IV) must adjust its standards so as to reflect current living costs and make proportionate

adjustments in any maximums on the amount of aid.

Under the conference substitute, each State (under its plans approved under titles I, X, XIV, and XVI) would be authorized to disregard up to \$7.50 per month (instead of \$5 as under present law) of any income of a recipient, in addition to any amounts which the State agency is otherwise authorized to disregard. Under the agreement, the new section 402(a) provision (for adjustments to reflect living costs) would require State to make only one adjustment before July 1, 1969, after which date the provision would not apply.

LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL ASSISTANCE

Amendment No. 226: Section 220 of the House bill amended section 1903 of the Social Security Act to limit Federal financial participation in medical assistance in any State to expenditures for families whose income does not exceed a level equal to 133 1/3 percent of the AFDC title IV payment level, or in the alternative (if lower) 133 1/3 percent of the State's per capita income applied to a family of four. (For the period July-December 1968, the percentages are 150, and for the calendar year 1969, 140 in the case of States whose plan was approved before July 26, 1967.)

The Senate amendment modified section 220 of the House bill to set the limiting income level at 150 percent of the old-age assistance (title I or XVI) standard, and reduced the Federal matching share in expenditures for the medically indigent to the square of the fraction equivalent to the Federal medical assistance percentage. (The income limit would be effective July 1, 1968, and the reduced Federal share on July 1, 1969, except in the case of Puerto Rico, Guam, and the Virgin Islands.)

The Senate recedes with amendments (1) exempting needy persons receiving or eligible for cash aid or assistance from the limitation, and (2) eliminating the alternative limitation based on the State's per capita income.

MAINTENANCE OF STATE EFFORT

Amendments Nos. 227, 228, 229, and 230: Section 221 of the House bill amended section 1117 of the Social Security Act to give States additional alternatives for measuring State effort under the provisions designed to assure that States maintain their fiscal effort after new Federal funds become available during a period expiring July 1, 1969.

The Senate amendments modified section 221 of the House bill by advancing the expiration date of the section 1117 period to June 30, 1968. They also amended section 1117 so that its provisions are applicable to quarters beginning after June 30, 1966, rather than after December 31, 1965.

The House recedes.

EXTENSION OF TIME TO MODIFY SECTION 1843 AGREEMENTS TO COVER SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFICIARIES

Amendment No. 231: The Senate amendment modified section 222 of the House bill (relating to coordination of title XIX and the supplementary medical insurance program) to extend from January 1, 1968, to January 1, 1970, the period within which a State may request a modification of its agreement under section 1843 of the Social Security Act so as to cover under such agreement individuals (otherwise eligible) who are entitled to social security or railroad retirement benefits.

The House recedes.

REQUIRED SERVICES UNDER STATE MEDICAL ASSISTANCE PLAN

Amendment No. 233: Section 224 of the House bill amended section 1902(a) (13) of the Social Security Act to permit a State, as an alternative to providing the basic 5 items of services required under present law, to

provide any 7 of the first 14 services listed in the law (section 1905(a) of the Act).

The Senate amendment modified section 224 of the House bill to require the States to continue to provide the basic 5 services for all money payment recipients; for the medically indigent, States would be allowed to select either the basic 5 or any 7 out of the first 14 services listed, except that if nursing home or hospital care services are selected a State must also provide physician's services in these institutions. After July 1, 1970, home health services would have to be provided to assistance recipients eligible for skilled nursing home care. The Senate amendment also required a State medical assistance plan to provide for the payment of the reasonable cost (under section 1861(v)(1)) of inpatient hospital services, and, effective July 1, 1970, of extended care (skilled nursing home and intermediate care facility) services and home health care services provided under the plan. (Present law requires the payment of reasonable cost only in the case of inpatient hospital services.)

The conference agreement contains the Senate provisions except those requiring payment of reasonable costs for extended care and home health services. It is the judgment of the managers for the House that adequate information concerning actual costs in this area is not yet available and that the method of making payment for such costs should not be changed until such information has been obtained.

FREE CHOICE BY INDIVIDUALS ELIGIBLE FOR MEDICAL ASSISTANCE

Amendments Nos. 234 and 235: Section 227 of the House bill amended section 1902(a) of the Social Security Act to assure that any individual eligible for medical assistance will be free to obtain such assistance from the qualified institution, agency, or person of his choice.

The Senate amendments modified the House provision to include community pharmacies and drugs among the providers and services with respect to which free choice is assured. (See also Senate amendment No. 295.)

The House recedes.

DIRECT PAYMENTS TO CERTAIN RECIPIENTS OF MEDICAL ASSISTANCE

Amendment No. 236: Section 230 of the House bill amended section 1905(a) of the Social Security Act to permit States to make direct payments to recipients of medical assistance to meet the cost of physicians' services to individuals not receiving cash assistance.

The Senate amendment modified section 230 of the House bill to permit States to include dentists' as well as physicians' services and to include cash assistance recipients as well as medically needy persons, under safeguards prescribed by the Secretary to assure quality and reasonableness of charge.

The conference substitute contains the Senate provision including dentists as well as physicians under the direct payment procedure, but omits the Senate provision extending the procedure to cash assistance recipients and providing for prescribed safeguards.

OBSERVANCE OF RELIGIOUS BELIEFS

Amendment No. 237: The Senate amendment added to the House bill a new section (232), providing (in a new section 1907 of the Social Security Act) that no individual will be compelled by reason of anything in title XIX to undergo medical screening, examination, diagnosis, treatment, or other care which is contrary to his religious beliefs (other than for the purpose of discovering or preventing the spread of infection or contagious disease or for the purpose of protecting environmental health).

The House recedes.

COVERAGE UNDER TITLE XIX OF CERTAIN SPOUSES OF INDIVIDUALS RECEIVING CASH WELFARE AID OR ASSISTANCE

Amendment No. 238: The Senate amendment added to the House bill a new section (233), amending section 1905(a) of the Social Security Act to permit a State to make medical assistance available under title XIX to the spouse of a recipient of cash assistance under title I, X, XIV, or XVI if the State determines that the spouse is essential to the well-being of the cash recipient.

The House recedes.

INSPECTION OF RECORDS AND PREMISES OF PROVIDERS OF CARE AND SERVICES UNDER PUBLIC ASSISTANCE AND MEDICAL ASSISTANCE

Amendment No. 239: The Senate amendment added to the House bill a new section (234), amending sections 2(a), 402(a), 1002(a), 1402(a), 1602(a), and 1902(a) of the Social Security Act to require State plans (approved under titles I, IV, X, XIV, XVI, and XIX) to provide for agreements with providers of medical care and services giving the General Accounting Office and the Department of Health, Education, and Welfare such access to the records and premises of the providers as may be necessary to assure that proper payments are being made under the plan and otherwise to carry out the purposes of the program involved.

The Senate recedes.

STANDARDS FOR SKILLED NURSING HOMES FURNISHING SERVICES UNDER STATE PLANS APPROVED UNDER TITLE XIX

Amendment No. 240: The Senate amendment added to the House bill a new section (234a), amending section 1902(a) of the Social Security Act to require State plans for medical assistance under title XIX to provide for a regular program of professional medical review and periodic inspection with respect to care furnished title XIX patients in skilled nursing homes and mental hospitals, and to provide that skilled nursing homes receiving payments under title XIX meet certain conditions including requirements pertaining to health care, environment, sanitation, and fire and safety. All persons and institutions providing services under the title XIX plan must agree to keep appropriate records and furnish the State agency with information. Assistance payments with Federal participation could not be made after June 30, 1968, to homes not meeting States' requirements for licensure.

The House recedes with a technical amendment.

COST SHARING AND SIMILAR CHARGES WITH RESPECT TO INPATIENT HOSPITAL SERVICES FURNISHED UNDER TITLE XIX

Amendment No. 241: Under existing law States may not impose any deductibles or cost-sharing with respect to inpatient hospital services provided under the medical assistance program. The Senate amendment added to the House bill a new section (234(b)), amending section 1902(a) of the Social Security Act to permit a State to impose deductibles or cost-sharing with respect to inpatient hospital services received by the medically needy (but, as under present law, not with respect to services received by money payment recipients). It also removed the requirement that the full cost of deductibles under the hospital insurance program (title XVIII(A)) be met under the title XIX medical assistance program.

The House recedes with technical amendments.

STATE PLAN REQUIREMENTS REGARDING LICENSING OF ADMINISTRATORS OF SKILLED NURSING HOMES FURNISHING SERVICES UNDER STATE PLANS APPROVED UNDER TITLE XIX

Amendment No. 242: The Senate amendment added to the House bill a new section (234c), amending title XIX of the Social

Security Act to require State plans for medical assistance to include a State program which meets specified conditions for the licensing of administrators of nursing homes. Administrators who did not qualify initially would have until July 1, 1972, to qualify, and the States would be required to offer programs of training to assist administrators to qualify.

The House recedes with technical amendments.

UTILIZATION AND COST OF CARE AND SERVICES FURNISHED UNDER TITLE XIX

Amendment No. 243: The Senate amendment added to the House bill a new section (234d), amending section 1902(a) of the Social Security Act to require an approved State plan for medical assistance under title XIX to provide such methods and procedures relating to the utilization of and payment for care and services under the plan as may be necessary to safeguard against unnecessary utilization of such care and services.

The conference agreement contains the Senate provision, and adds a requirement that methods and procedures must also be provided to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care. It is the understanding of the conferees for the House that this provision does not authorize price fixing of drugs by the Secretary of Health, Education, and Welfare.

DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY UNDER TITLE XIX

Amendment No. 244: The Senate amendment added to the House bill a new section (234e), amending section 1902(a)(17) of the Act to require a State's plan for medical assistance under title XIX to provide for flexibility in the application of its standards for determining eligibility for and the extent of medical assistance in the case of medically needy individuals, by establishing differences in income levels which recognize variations in shelter costs between urban and rural areas.

The House recedes with an amendment to allow, rather than require, States to establish such differences.

CHILD-WELFARE SERVICES APPROPRIATION

Amendments Nos. 245 and 246: Section 420 of the Social Security Act, as added by section 235(c) of the House bill, authorized the appropriation for child-welfare services of \$100,000,000 for the fiscal year ending June 30, 1969, and \$110,000,000 for each fiscal year thereafter.

The Senate amendment increased these authorizations to \$125,000,000 for the fiscal year ending June 30, 1969, and \$160,000,000 for each fiscal year thereafter.

The Senate recedes.

DAY CARE STANDARDS APPLICABLE TO AFDC CHILDREN

Amendment No. 247: Section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, included certain requirements with respect to day care services provided under the State's plan for child-welfare services.

The Senate amendment modified the House bill to make these requirements applicable to all day care services provided under title IV of the Act—i.e., to services provided under the AFDC program as well as those provided under the child-welfare services program.

The House recedes.

PARENT INVOLVEMENT IN DAY CARE

Amendment No. 248: The Senate amendment modified section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, to include a requirement that a plan for day care services under title IV

of the Social Security Act provide for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child.

The House recedes.

USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS

Amendment No. 249: The Senate amendment modified section 422(a) of the Social Security Act, as added by section 235(c) of the House bill, to require that no later than July 1, 1969, a State plan for child-welfare services must provide for the training and effective use of paid subprofessional staff (with particular emphasis on full or part time employment of persons of low income) as community service aides, in the administration of the plan, and for the use of non-paid or partially paid volunteers in providing services and in assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 221 and 271.)

The House recedes.

MODIFICATION OF SINGLE STATE OR LOCAL AGENCY REQUIREMENTS UNDER CHILD-WELFARE SERVICES PROGRAM

Amendments Nos. 250, 251, and 253: Section 235(d) of the House bill amended section 422(a) of the Social Security Act (as added by section 235(c) of the bill) to require States to furnish child-welfare services to children receiving AFDC through a single organizational unit in the State and local agency; and section 235(e) of the House bill made this amendment effective July 1, 1968.

Senate amendments Nos. 250 and 251 modified section 235(d) of the House bill to maintain the single-unit requirement with respect to the State agency but eliminate it with respect to the local agency. Senate amendment No. 253 modified section 235(e) of the House bill to provide that where different State agencies are administering the plan for child-welfare services and the plan for AFDC as of the date of enactment of the bill, the requirement for administration by the same State agency will not be applicable. (See also discussion of Senate amendment No. 154 supra.)

The conference agreement retains the House provision requiring a single organizational unit in a local agency as well as in a State agency; it retains the provisions of Senate amendment No. 253 waiving the single organizational unit requirement in cases where at the time of enactment the two State agencies involved are different, and in addition provides a similar waiver for local agencies in cases where at the time of enactment the two local agencies involved in a political subdivision are different.

SEPARATE AUTHORIZATION FOR SOCIAL SECURITY RESEARCH PROGRAM

Amendment No. 254: The Senate amendment modified section 246 of the House bill to provide specifically under section 1110 of the Social Security Act for grants for projects such as those relating to the causes of economic insecurity, risks to family income, costs of health care, and improvements in the social security program, so that there might be separate authorizations for cooperative research and demonstration grant programs for the Social Security Administration and the Social and Rehabilitation Service.

The Senate recedes.

PERMANENT AUTHORITY TO SUPPORT DEMONSTRATION PROJECTS

Amendment No. 255: Section 247 of the House bill (in addition to making the section 1115 program permanent) amended section 1115 of the Social Security Act to increase from \$2 million to \$4 million the annual amount authorized for payments to States to encourage them to develop demonstrations in improved methods of providing serv-

ices to recipients of aid or assistance under titles I, X, XIV, XVI, and XIX and part A of title IV or in improved methods of administration.

The Senate amendment further increased the annual authorization for this purpose to \$10 million.

The Senate recedes.

STUDY TO DETERMINE WAYS OF ASSISTING RECIPIENTS OF AID OR ASSISTANCE IN SECURING PROTECTION OF CERTAIN LAWS

Amendment No. 257: The Senate amendment added to the House bill a new section (250), directing the Secretary of Health, Education, and Welfare to make a study of means for increasing the effectiveness of State welfare agency staffs in helping applicants and recipients secure the full benefit of health, housing, and related laws and make the most effective use of public assistance and other community programs, and to submit his recommendations in a report to the Congress by July 1, 1969. The study is to include the extent to which the various programs may be used to enforce health, housing, and related laws.

The Senate recedes.

ASSISTANCE IN THE FORM OF INSTITUTIONAL SERVICES IN INTERMEDIATE CARE FACILITIES

Amendment No. 258: The Senate amendment added to the House bill a new section (251), amending title XI of the Social Security Act by providing (in a new section 1121) for Federal financial participation under titles I, X, XIV, and XVI in vendor payments in behalf of certain aged, blind, or permanently and totally disabled individuals whose condition does not require care in a skilled nursing home or hospital but does require living accommodations and institutional care available through intermediate care facilities. Federal matching would, if a State elects, be at the same rate as for medical assistance under title XIX.

The House recedes with amendments providing that (1) intermediate care facilities must meet the safety and sanitation standards applicable to skilled nursing homes, and (2) Christian Science sanatoria may be considered to be intermediate care facilities with respect to such services. It is the intention of the conferees for the House that providing services in intermediate care facilities is not to be taken as authorizing, or acting as a precedent for, the furnishing of custodial care of a type which merely provides, for welfare recipients in the program specified, room and board with no personal or other services.

AUTHORIZATION OF APPROPRIATIONS FOR MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S SERVICES

Amendments Nos. 259, 260, 261, and 262: The authorizations for appropriations for the maternal and child health and crippled children's services programs under title V of the Social Security Act, as set forth in section 301 of the House bill and under the Senate amendments, are as follows:

Fiscal year ending—	House bill	Senate amendment
June 30, 1970.....	\$275,000,000	\$305,000,000
June 30, 1971.....	300,000,000	360,000,000
June 30, 1972.....	325,000,000	385,000,000
June 30, 1973, and each fiscal year thereafter.....	350,000,000	410,000,000

The Senate recedes.

earmarking OF CHILD HEALTH APPROPRIATION FOR FAMILY PLANNING SERVICES

Amendment No. 263: The Senate amendment added to section 502 of the Social Security Act, as amended by section 301 of the House bill, a provision earmarking for family planning services the following percentages of appropriations made pursuant to section 501 of the act from allotments for

maternal and child health services (sec. 503) and from project funds for maternity and infant care (sec. 508) and research (sec. 512):

For the fiscal year ending:	Not less than
June 30, 1969.....	6 percent
June 30, 1970.....	15 percent
June 30, 1971, and thereafter.....	20 percent

The House recedes with an amendment providing simply that the percentage for any fiscal year shall not be less than 6 percent.

PAYMENT OF REASONABLE COST FOR EXTENDED CARE AND HOME HEALTH CARE SERVICES UNDER TITLE V PROGRAM

Amendment No. 264: Section 505(a) of the Social Security Act, as amended by section 301 of the House bill, provided for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under a State's plan for maternal and child health services and services for crippled children.

The Senate amendment provided for payment of the reasonable cost (under section 1861(v)(1)) of inpatient hospital services, and, effective July 1, 1970, of extended care services and home health care services provided under the plan.

The Senate recedes.

VOLUNTARY UTILIZATION OF OPTOMETRIC AND FAMILY PLANNING SERVICES

Amendments Nos. 266 and 267: Senate amendment No. 266 added to section 505(a) of the Social Security Act, as amended by section 301 of the House bill, a new paragraph (13) requiring any approved State plan for maternal and child health and crippled children's services to provide that where payment is authorized for services which an optometrist is licensed to perform and such services are not rendered either in a clinic or another appropriate institution which has no arrangements with optometrists, the individual for whom such payment is authorized may obtain the services from any optometrist licensed to perform them. It also added to section 505(a) a new paragraph (14), requiring any such plan to provide that acceptance of family planning services provided under the plan will be voluntary and not a prerequisite to eligibility for or the receipt of any service under the plan. Senate amendment No. 267 added to section 508(a) of the Act a new sentence providing that, for purposes of special project grants for maternity and infant care under section 508 and research projects relating to maternal and child health services and crippled children's services under section 512, acceptance of family planning services provided under a project is to be voluntary and not a prerequisite to eligibility for or receipt of any service under the project.

The House recedes with a clarifying amendment.

GRANTS FOR TRAINING OF PERSONNEL FOR HEALTH CARE SERVICES FOR MOTHERS AND CHILDREN

Amendment No. 268: Section 511 of the Social Security Act, as amended by section 301 of the House bill, provided that in making grants for training of personnel for health care and related services for mothers and children the Secretary is to give priority to programs providing training at the undergraduate level. The Senate amendment substituted "special attention" for "priority".

The House recedes, with the understanding that in making future commitments for programs the emphasis shall be on undergraduate training.

OBSERVANCE OF RELIGIOUS BELIEFS

Amendment No. 270: The Senate amendment added to title V of the Social Security Act (as amended by section 301 of the House bill) a new section 515, providing that nothing in title V is to require a State under

such title to compel any person to undergo medical screening, examination, diagnosis, treatment, or other care (other than for the purpose of discovering or preventing spread of infection or contagious disease or for protecting environmental health) if such person, or, in the case of a child, his parent or guardian, objects on religious grounds. (See also Senate amendment No. 237.)

The House recedes.

USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS

Amendment No. 271: The Senate amendment added to the House bill a new section (304), amending section 505 of the Social Security Act to require an approved State plan for maternal and child health services and crippled children's services to include, no later than July 1, 1969, provision for the training and effective use of paid subprofessional staff (with particular emphasis on full or part time employment of persons of low income) as community services aides, in the administration of the plan, and for the use of nonpaid or partially paid volunteers in providing services and in assisting advisory committees. (For a similar requirement under other programs, see Senate amendments Nos. 221 and 249.)

The House recedes.

ADMINISTRATION OF THE PROGRAM FOR SERVICES FOR CRIPPLED CHILDREN

Amendment No. 272: The Senate amendment added to the House bill a new section (305), providing for the administration of the program of services for crippled children through the Children's Bureau (in the Department of Health, Education, and Welfare).

The Senate recedes upon the assurance of the Department that the objective of the amendment has been accomplished administratively.

EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT

Amendment No. 273: The Senate amendment added to the House bill a new section (306), amending section 231(d) of the Social Security Amendments of 1965 to extend from 2 to 3 years after its inauguration the period allowed for completion of the health research and study of resources relating to children's emotional illnesses.

The House recedes with technical amendments.

INCENTIVE FOR IMPROVEMENTS IN THE PROVISION OF HEALTH SERVICES

Amendments Nos. 275, 276, 277, 279, 280, and 281: Section 402 of the House bill authorized the Secretary of Health, Education, and Welfare to experiment in reimbursing in a manner mutually agreed upon those organizations and institutions which furnish health services otherwise covered under titles V, XVIII, and XIX of the Social Security Act on a reasonable cost basis, with a view to developing incentives for economy while maintaining or improving quality in the provision of health services.

The Senate amendments modified section 402 of the House bill to include experiments with respect to reimbursement in a manner mutually agreed upon for physicians' services (which would otherwise be covered on a reasonable charge basis).

The House recedes with an amendment providing that the Secretary may not enter into such experiments before receiving the advice of competent specialists with respect to the soundness of such experiments and the adequacy of resources to carry them out; but it is understood that the Department under no circumstances will experiment on the basis of employment of physicians by the Government.

STUDIES BY SECRETARY

Amendment No. 282: The Senate amendment added to the House bill a new section (405), authorizing and directing the Secre-

tary of Labor, in consultation with the Secretary of Health, Education, and Welfare, and with other government departments and agencies and appropriate organizations and individuals, to conduct a study and investigation of various proposals for family allowances and child allowances. Consideration would be given to the effect of such proposals on the various Federal-State assistance programs and any savings which might accrue therefrom, and a report submitted to the President and the Congress by January 15, 1969.

The conference agreement omits the provision for a study by the Secretary of Labor of family and child allowances proposals, and provides instead for a study by the Secretary of Health, Education, and Welfare of (1) the existing retirement test and proposals for its modification (including proposals for increasing old-age insurance benefits on account of delayed retirement), (2) quality and cost standards for drugs for which payments are made under the Act, and (3) drug coverage under supplementary medical insurance (see amendments Nos. 43 and 142). The Secretary would report on this study by January 1, 1969.

INCOME TAX DEDUCTION OF EXPENSES FOR MEDICAL CARE OF INDIVIDUALS WHO HAVE ATTAINED AGE 65

Amendment No. 284: The Senate amendment added to the House bill a new section (501), amending section 213 of the Internal Revenue Code of 1954 to restore in substance the pre-1965-Amendments rule for computing the amount of the income tax deduction for medical and related expenses in the case of a taxpayer who has attained age 65 or whose spouse, parent, or spouse's parent has attained age 65. Under present law, a taxpayer's medical expenses are deductible only to the extent that they exceed 3 percent of his adjusted gross income, and the cost of medicine and drugs may be taken into account only to the extent that it exceeds 1 percent of his adjusted gross income, regardless of the age of the taxpayer or of any other member of his family; under the Senate amendment (effective for taxable years beginning after 1966) the 3-percent and 1-percent limitations will not apply to expenses paid for the care of the taxpayer and his spouse if either of them has attained age 65 by the end of the year, or to expenses paid for the care of a dependent age 65 or over who is the father or mother of either the taxpayer or his spouse. (The special \$150 allowance for insurance, added in 1965, is continued.)

The Senate recedes.

TAX-EXEMPT STATUS OF CERTAIN HOSPITAL SERVICE ORGANIZATIONS

Amendment No. 285: The Senate amendment added to the House bill a new section (502), amending section 501 of the Internal Revenue Code of 1954 to provide that an organization is to be treated as a tax-exempt hospital for all of the purposes of the Code if it is organized and operated on a cooperative basis (with all of its capital stock, if any, owned by its patrons) exclusively to perform services for tax-exempt private or public hospitals and such services are of a type which would constitute an integral part of the exempt activities of a tax-exempt hospital if they were performed by the hospital on its own behalf.

The Senate recedes.

EXTENSION OF PERIOD FOR FILING APPLICATION FOR EXEMPTION BY MEMBERS OF RELIGIOUS GROUPS OPPOSED TO INSURANCE

Amendment No. 286: The Senate amendment added to the House bill a new section (503), amending section 1402(h) of the Internal Revenue Code of 1954 to provide additional time for persons who have conscientious objections to public and private insurance (including social security), by reason of their adherence to the established tenets or teachings of the religious sect of which they are members, to apply for and be granted

exemption from the social security self-employment tax. Under the amendment, an individual may file application for exemption at any time on or before December 31, 1968, if he has self-employment income for any taxable year ending before December 31, 1967. (Under present law, the comparable filing date was April 15, 1966, for taxable years ending before December 31, 1965.) If an individual first receives self-employment income in a taxable year ending on or after December 31, 1967, the application would be timely (as under present law) if filed by the due date for the income tax return for that year; it would also be timely if filed within 3 months following the month in which the individual is first notified by the Internal Revenue Service that a timely application has not been filed.

The House recedes with a technical amendment.

COVERAGE STATUS OF FISHERMEN AND TRUCK LOADERS AND UNLOADERS

Amendment No. 287: The Senate amendment added to the House bill a new section (504), amending section 210 of the Social Security Act and sections 3121 and 3401 of the Internal Revenue Code of 1954 to clarify the employee status of fishermen and truck loaders and unloaders for purposes of social security coverage and income tax withholding. Generally the owner of a fishing boat is to be classified as the employer of the boat's crew members although in certain cases the person leasing or chartering the boat will be considered their employer. In the case of truck loaders and unloaders, the driver of the truck will generally be considered the employer, unless he is an employee of another person, in which event his employer will be considered the employer of the truck loaders and unloaders; an exception is provided where other persons are recognized as the employer. For benefit purposes these provisions were made retroactive so as to preserve the benefit rights of individuals who in the past have been considered by the Social Security Administration and the Internal Revenue Service to be performing services as employees; while for purposes of tax liability (in instances where this liability does not now exist) they would apply prospectively only.

The Senate recedes.

REFUND OF CERTAIN OVERPAYMENTS BY EMPLOYEES OF HOSPITAL INSURANCE TAX

Amendment No. 288: The Senate amendment added to the House bill a new section (505), amending various provisions of the Internal Revenue Code of 1954 so as to provide that a railroad employee who has wages or self-employment income under the social security program as well as his compensation under the railroad retirement program, and who makes contributions for hospital insurance under the two programs on an aggregate amount (compensation, wages, and self-employment income) in excess of the current earnings base, may obtain a refund of his excess contributions (as he would under existing law if each of his jobs were under the social security program) by treating his railroad compensation as wages or self-employment income for hospital insurance tax purposes.

The House recedes with a technical amendment.

JOINT EMPLOYEES OF CERTAIN TAX-EXEMPT ORGANIZATIONS

Amendment No. 289: The Senate amendment added to the House bill a new section (506) to deal with situations where an individual is an employee of two or more tax-exempt organizations providing hospital or medical insurance and where one of the organizations pays all of the wages to the employee for his work for both organizations. In such cases the organization which pays the wages would, with the consent of the other organization, be treated as the em-

ployer of the individual with respect to his joint employment.

The Senate recedes.

EXTENSION OF TIME TO PROVIDE ASSISTANCE FOR UNITED STATES CITIZENS RETURNED FROM FOREIGN COUNTRIES

Amendment No. 290: The Senate amendment added to the House bill a new section (507), amending section 1113 of the Social Security Act to extend from June 30, 1968, to June 30, 1969, the authorization of temporary assistance to United States citizens returned from a foreign country because of destitution or illness or because of war, invasion, or similar crisis.

The House recedes with a technical amendment.

SOCIAL SECURITY BENEFIT INCREASE NOT TO BE CONSIDERED INCOME FOR VETERANS' PENSION PURPOSES

Amendment No. 291: The Senate amendment added to the House bill a new section (508), amending sections 415(g) and 503 of title 38 of the United States Code to provide that any increase in monthly social security benefits resulting from the enactment of the bill is not to be counted as income for purposes of determining eligibility for, or the amount of, certain veterans' benefits in the case of an individual who is entitled to monthly social security benefits for the month of the enactment of the bill.

The Senate recedes.

SECOND LIBERTY BOND ACT

Amendment No. 292: The Senate amendment added to the House bill a new section (509), amending the Second Liberty Bond Act to provide that the rates of interest or investment yield on U.S. savings bonds and U.S. savings and retirement bonds issued after 1967 are to be comparable to the going rate on other U.S. Government obligations of similar maturity.

The Senate recedes.

FOSTER CARE FOR CHILDREN

Amendment No. 293: The Senate amendment added to the House bill a new section (510), amending title V of the Social Security Act to establish a new program of Federal grants to States for the provision of financial assistance and needed welfare services to children under foster care in foster family homes and institutions. The Secretary was authorized to make payments to any State with a plan containing specified provisions and approved by him in amounts equal to the State's Federal percentage of the total amount expended for foster care under the plan up to the product of \$50 per month times the number of children in foster care during the month, plus 75 percent for personnel providing services for children in foster care and training of such personnel, and 50 percent for administrative expense.

The Senate recedes.

EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC., PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS

Amendment No. 294: The Senate amendment added to the House bill a new section (511) which amends section 3121(a) and 3306(b) of the Internal Revenue Code of 1954 and section 209 of the Social Security Act to provide, for purposes of the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and the Social Security Act, that the term "wages" does not include any payment or series of payments by an employer to an employee or any of his dependents which is made or begins (1) upon the retirement, death, or disability of the employee, and (2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees, or for such employees or class or classes of employees and their dependents.

The House recedes with an amendment which eliminates from the exception to the definition of wages any payments which would have been made if the employee's employment relationship had not been terminated because of death, retirement for disability, or retirement for age, and which makes various technical and clarifying changes.

DRUG QUALITY AND COST

Amendment No. 295: The Senate amendment added to the House bill a new title VI, consisting of sections 601, 602, and 603. Section 601 amended title XI of the Social Security Act to provide, through a Federally-established formulary committee, for the compilation and publication of a Formulary of the United States and for the determination of those drugs which are appropriate for Federal payment or matching under the various programs contained in the Act. Section 602 (effective July 1, 1970) amended section 1903 of the Act to limit Federal matching for drug costs under the medical assistance program to the "reasonable charge" for "qualified drugs" as determined under the formulary provisions (exempting these drugs furnished by hospitals using approved formulary systems, and drugs furnished by their generic names pursuant to physicians' handwritten prescriptions); it also amended section 1861(v) of the Act to limit Federal payments for drugs furnished to individuals under the health insurance program in the same way. Section 603 amended the Federal Food, Drug, and Cosmetic Act to provide for the registration numbers assigned to drug manufacturers under existing law to appear on the drug labels of products of such manufacturers.

The Senate recedes.

W. D. MILLS,
CECIL R. KING,
HALE BOGGS,
FRANK M. KARSTEN,
A. SYDNEY HERLONG, Jr.,
JOHN W. BYRNES,
THOS. B. CURTIS,
JAMES B. UTT,
JACKSON E. BETTS,

Managers on the Part of the House.

SOCIAL SECURITY AMENDMENTS OF
1967—CONFERENCE REPORT

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 11, 1967.)

Mr. MILLS (during the reading). Mr. Speaker, in view of the fact that the statement itself is some 42 pages in length and we will take special time to discuss the conference report, I ask unanimous consent that the statement may be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. The gentleman from Arkansas is recognized for 1 hour.

Mr. MILLS. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, we are about to take, insofar as the House of Representatives is concerned, final legislative action on one of the major bills of the 90th Congress.

Mr. Speaker, we have a conference report today involving the social security bill which passed the House of Representatives on August 17 last by a vote of 415 to 3. We are bringing it back today for approval of the House, I must say, in substantially the form it was in concerning its most major aspects when it en-

joyed that overwhelming vote on August 17. There are many significant respects, however, in which the bill, in the opinion of your conferees, is a better bill since it incorporates numerous improvements that were made when the matter was in the Finance Committee of the Senate. The measure on which we are asking you to take final action today meets the requirements of actuarial soundness, and of fiscal responsibility, as have all of the amendments which we passed improving the social security programs over the years.

Mr. LANDRUM. Mr. Speaker, will the gentleman yield?

Mr. MILLS. Yes, I am glad to yield to the distinguished gentleman from Georgia [Mr. LANDRUM].

(Mr. LANDRUM asked and was given permission to revise and extend his remarks.)

Mr. LANDRUM. Is it the judgment of the distinguished chairman of the Committee on Ways and Means now speaking that the social security fund is actuarially sound?

Mr. MILLS. It is actuarially sound under the existing law. It was actuarially sound under the bill which passed the House. It is also actuarially sound under the conference report.

Mr. Speaker, as the bill passed the House, we had an overall actuarial balance in all of the funds involved of plus 0.10 percent of payroll. As the gentleman from Georgia knows, that is the situation which exists.

As we bring the bill back to the House, the OASDI fund has a plus of 0.01 percent and the hospital fund is actuarially sound to the extent of 0.03 percent, or a combined balance of 0.04 percent of payroll.

Mr. LANDRUM. Mr. Speaker, will the gentleman yield further?

Mr. MILLS. I yield further to the gentleman from Georgia. However, the actuary for the Department tells us that even if we had a minus—not an excess—of 0.10 percent of payroll, we could still assure the House that the funds were in an actuarial balance.

Mr. LANDRUM. Mr. Speaker, if the gentleman will yield further, I would point out to the distinguished gentleman from Arkansas [Mr. MILLS] the fact that there seems to be developing a concern in the minds of some of our older citizens, those who are approved for the receipt of the benefits from these funds. Should they be concerned at all about the actuarial soundness of this trust fund?

Mr. MILLS. I will respond to the gentleman by saying that so long as my friend, the distinguished gentleman from Georgia [Mr. LANDRUM] and my many other friends who serve on the Committee on Ways and Means are concerned, I think I can assure the public that we shall always keep this in a state of actuarial soundness.

Mr. CURTIS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

(Mr. CURTIS asked and was given permission to revise and extend his remarks.)

Mr. CURTIS. I think it would be well if we pointed out the fact that the actuarial assumption which the gentleman from Arkansas accurately states, will considerably differ from the actuarial assumption with reference to the soundness, for example, of the private pensions plans and so forth.

I believe that is where the confusion might lie.

Mr. MILLS. This is not what might be called a funded system in the sense that private insurance systems are funded. Of course, I believe my friend from Missouri would admit with me that it is not necessary for a social security system supported by a tax which is compulsory to be on a fully funded basis so as to have in the fund in excess of \$300 billion or \$350 billion at this time.

Mr. CURTIS. I would say not only is it not necessary. I believe that would create other serious problems if we had a fund like that, in a different way. But on the other hand I would observe this, and I believe the gentleman would bear with me, that some of the assumptions in a pay-as-you-go social security system I believe need looking at, and I believe that we have not been doing that. And here we might enter an area where there might be some disagreement.

Mr. MILLS. I do not want to take up too much time of the House, but the gentleman is right. Some of these assumptions that are made sometimes disturb all of us. For instance, we were told last year that the balance was plus 0.74 percent of payroll. When we passed the program in 1965, we were told we had no such surplus left. But then the actuaries without disagreement, upon further review, decided that in the year 2000 the average woman would not have 2.5 children, but would have two children, and that the average retiree would not live 15 years beyond 65, he would live 14 years beyond 65 in the year 2000.

As a result of those and other changed assumptions, we found this favorable balance in the social security fund of about three-quarters of 1 percent of payroll. These changes of assumptions do have a disturbing influence on us on the committee who feel this responsibility to the House and to the country as a whole to keep this system actuarially sound.

Mr. CEDERBERG. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Michigan.

Mr. CEDERBERG. The bill does not contain the amendment that was added in the other body regarding amending the Internal Revenue Code?

Mr. MILLS. Yes, that was an amendment in which I had a great deal of interest myself, but it finally developed in the House that we felt it was best to leave out of the bill those amendments to the Internal Revenue Code other than those which relate to the social security tax rate or wage base. And I believe we come back to the House with only those matters which pertain exclusively to social security.

Mr. CEDERBERG. Could the gentleman state—

Mr. MILLS. I might state that we did not prejudge it, nor are we opposed to it. There developed some questions that we thought required us to look a little further into.

Mr. CEDERBERG. Does the gentleman's committee intend to look into this matter at some time in the future?

Mr. MILLS. I do not want to make a definite commitment, but certainly it will be my hope we could look further into this, maybe even next year.

Mr. CEDERBERG. I thank the gentleman for yielding.

Mr. MILLS. Mr. Speaker, this bill involves far too many matters to be discussed even within the 1 hour that we have. There were 295 amendments adopted in the Committee on Finance and on the floor of the Senate. We have brought back, as I say, a bill that incorporates many of those amendments. Let me point out some of the more significant changes that we made in conference over the bill that passed the House.

It will be recalled that the across-the-board increase in the House passed bill was 12.5 percent. It will be recalled the minimum benefit was raised from \$44 to \$50 in that bill. It will be recalled that the so-called earnings base for tax purposes and for benefit determinations was raised from \$6,600 under the existing law to \$7,600 in order to enable us to finance those benefit increases and that minimum. The bill we bring back from the conference increases the benefits from 12.5 percent to 13 percent.

The Senate passed a benefit increase of 15 percent.

The conference agreement provides for a \$55 minimum benefit, versus a \$50 minimum passed by the House and a \$70 minimum passed by the Senate.

The bill establishes a contribution and benefit wage base of \$7,800 versus \$7,600 in the House passed bill and a maximum in the Senate passed bill of \$10,800.

Let us look at this just a minute, Mr. Speaker. For this additional 2-percent benefit increase—and let us take the case of an individual today who has a \$100 monthly benefit—in order to give that individual \$15 in lieu of the \$13 increase per month, we would have to increase the wage base subject to the tax by \$3,000.

To us, this did not seem like a very good bargain when we had it in committee. It did not seem like a very good bargain to us when we had it in conference. Why add \$2 a month to a person's benefit when it is going to cost somebody else, the submission of additional wages of \$3,000 a year to the combined rate of 10 percent for OASDI in order to do it.

We do not think the \$2 justified that additional tax. Very frankly, that is why we did not go to the 15 percent in conference.

That is why we did not go to the \$70 minimum in the conference because the \$70 minimum required something better than 0.20 percent of payroll in order to sustain it.

It departs very, very widely from the philosophy that is involved in the social security program that benefits are wage related—and have to be.

If you want to make a welfare program out of the social security program itself, you are going to incur very high costs as reflected in percent of payroll.

There must be some better way to take care of the needs of people who have not been attached to the work force for a sufficient length of time or in a sufficient amount of dollars to add this minimum.

If we do go to \$70 in the minimum now, it is going to be \$100 in a very short period of time. When it gets to be \$100, then later it is going to be a little higher. The first thing you know you will have a flat benefit rate. Whenever you get to that point, you will never increase your wage base. Because what is the point of a fellow subjecting himself to an additional tax if that additional tax is not reflected in higher benefit payments to him?

Under the bill we have and under the bill as it passed the House, the benefit for a man and his wife, both aged 65 or over when he retires, will be at least 50 percent of what his average wage was.

You can justify increasing the wage base over a period of time, only if you continue to maintain the relation of benefits to wages. Then, the individual can always be told that this is cheaper for him than any type of insurance that he can buy—taking into consideration the fact that he is not only buying retirement benefits, but he is also buying disability insurance and he is buying life insurance for the benefit of his family.

If we keep this system wage-related, then I think that social security can go on down into the future as a great program enacted by the American Congress for the benefit of a great American people.

If we are going to make out of it a welfare program, then I doubt very frankly that the American people will submit to this periodic increase in taxes and this periodic increase in the wage base.

I say again that there must be a better way found, if we want to find it, to take care of people who are not entitled to more than the minimum benefit under social security when they get into retirement.

I am not going to say anything more about that; I have said too much.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. GROSS. I would like to commend the gentleman for the excellent statement he has made particularly with respect to the welfare provision.

I would like also to take this opportunity to commend the gentleman from Arkansas for the courageous position that he has taken with respect to a tax increase unless accompanied by drastic reductions in expenditures by the Federal Government.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. I should like to ask the distinguished chairman of the House Committee on Ways and Means about the many messages we have received during the past few days expressing the concern on the part of many

of the private welfare groups and public welfare departments about restrictive parts of the bill.

Mr. MILLS. If the gentleman will permit me, I am coming to that point right now.

Mr. BURKE of Massachusetts. I merely wish to ask the gentleman this question.

Mr. MILLS. All right.

Mr. BURKE of Massachusetts. If the conference report is not accepted, how long does the gentleman believe it would take to pass a social security bill to provide the increases that are in this bill, and how long does he believe it would take to obtain results from that action?

Mr. MILLS. The benefits under the conference report will become effective with respect to February and would be paid on the third day of March. That is as quick as the Social Security Administration can do it. If it is passed over until January, that would mean that if we agree to a conference report in January, these benefits could not then be received by the recipients until about the third day of April of next year. The Senate was going to delay it under their proposal until the first of April.

We said that we wanted these benefits to go into effect earlier than that.

Since the gentleman has asked me, I cannot conceive of anyone standing in the way of these benefits becoming available at the earliest possible date, because the President of the United States in the fall of 1966 in a speech recommended a benefit increase of at least 10 percent. At that time we had a surplus under the existing financing that would have been enough to let these people have an 8-percent across-the-board increase without any tax increase. That was in the fall of 1966. They did not get the increase in 1967 even.

Now, are we going to hold it up until April, May, or June of next year bickering about what I want next to talk about, and deprive the beneficiaries of another few months of benefits, or do we want to get this job over with now?

I hope I do not read in the newspapers before Christmas adjournment that the older people of this country have been denied a 13-percent across-the-board increase in social security benefits because of some action in the other body that also has to consider this matter. I would not want to take that responsibility, and I do not think anyone in the House of Representatives wants to take it.

Now let us take a look at some of the other amendments to the social security program:

AGED 72 AND OVER

Benefits for persons age 72 and over who are not insured under the social security system are also increased. The House provided an increase in these benefits from the present \$35 a month to \$40 for a single person and from \$52.50 to \$60 for a couple. The Senate increased these amounts to \$50 for a single person and \$75 for a couple. The conference report adopts the House provision.

RETIREMENT TEST

The House provided an increase in the annual test of retirement from the present \$1,500 of earnings in a year to \$1,680, together with a proportionate increase in

the monthly amount a person may earn and still receive benefits. These provisions were exactly in line with the recommendation of the administration. The Senate increased the annual test to \$2,400 with a proportionate increase in the monthly test. The conference report adopts the House version.

DISABILITY DEFINITION

The House bill contained a provision which clarified the definition of the term "disability." This provision was also contained in the bill as it was reported out of the Senate Committee on Finance, but it was struck out on the floor of the Senate. The conference report restores this provision with a further clarifying amendment.

The outcome of this action is to adopt in substance the position of both the House Committee on Ways and Means and the Senate Committee on Finance concerning an issue that has serious cost implications for the disability insurance program. The purpose of the language in the bill is to spell out in the law an intention which has always existed although not explicitly stated. That is that an individual is not to be considered under a disability for the purposes of this program unless he has a medically determinable impairment of such severity that he is not only unable to perform in his previous job but also that he cannot—considering his age, education and work experience—engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the general area where he lives, or whether a specific job vacancy exists for him or whether he would be hired if he applied for work.

The conference report contains substantially the provision of the House bill, but includes language designed to clarify the meaning of the phrase "work which exists in the national economy." Under the added language, "work which exists in the national economy" means work that exists in significant numbers in the region in which the individual lives or in several regions in the country. This language puts into the statute the same meaning of the phrase "work which exists in the national economy" that was expressed in the reports of both the House and Senate Committees. In this regard both reports contain the following statement:

It is not intended, however, that a type of job which exists only in very limited numbers or in relatively few geographic locations would be considered as existing in the national economy.

When the term "significant numbers" is used it is not intended that a great many jobs must exist in the region in which an individual lives or in several regions of the country. What is intended is that the number of such jobs must be more than just a few; that is, more than insignificant.

I beg the indulgence of the House for going into such a seemingly obscure matter in such great detail. I do it solely for the purpose of spelling out the legislative history of an amendment which is intended to hold down costs in the disability program which has already suf-

fered deficits resulting from interpretations of the disability provisions of the law which Congress never intended when it wrote them.

I shall mention the other more important decisions in the OASDI area and move on to the other social security programs. I shall ask to have inserted at the conclusion of my remarks a summary of the legislation which describes the bill completely, including the provisions that were not in conference.

DISABLED WIDOWS

The House bill provided actuarially reduced benefits for disabled widows and widowers beginning at age 50, with a more limited definition of disability than applies to workers. The Senate provided unreduced benefits at any age, and eliminated the special definition. The conference report adopted the House version.

DISABILITY FREEZE APPLICATIONS

The Senate added a provision, which the conference report adopted, allowing persons who were prevented by their physical or mental condition from filing a timely disability freeze application a further opportunity to file such application.

COVERAGE PROVISIONS

The Senate added a number of provisions that were adopted in conference regarding coverage of workers. These include several provisions relating to coverage of State and local employees and a very precisely drawn amendment covering employment of a parent in certain family situations in which such parent is needed to care for children of a worker.

UNDERPAYMENTS

There was a provision in the House bill designed to eliminate the necessity in some States to have a deceased beneficiary's estate probated just to collect social security benefits which had not been paid at the time he died. The Senate improved on this provision and the conference report adopted the Senate version.

MEDICARE PROGRAM

Mr. Speaker, a number of provisions were in conference relating to the medicare program.

PHYSICIAN PAYMENT

The House provided a rather complicated provision, which reflected the suggestions of the administration, to allow alternative methods of paying physicians' bills under the supplementary medical insurance program. The Senate adopted a greatly simplified provision which allows a patient to receive reimbursement of a physician's bill on the basis of an unreceipted bill. The conference report adopts the Senate provision.

ADDITIONAL DAYS OF HOSPITAL CARE

The House provided that a person who has utilized his 90 days of hospital care may receive an additional 30 days in any spell of illness subject to a deductible which would be currently set at \$20 per day. The Senate provided that in place of an additional 30 days for each spell of illness, a recipient be granted a lifetime reserve of 60 additional days for use after the recipient has received 90 days in a spell of illness, subject to a deductible that would be currently set at \$10 a day.

The conference agreed to the Senate provision regarding the 60-day lifetime reserve, and the House provision concerning the \$20 daily deductible.

DEPRECIATION AND INTEREST

The Senate added a provision under which the Secretary of Health, Education, and Welfare would not count as an item of reasonable cost, depreciation, and interest on substantial capital items that were acquired by a hospital or other provider of services after being disapproved by a State health planning agency. The conference report eliminated this provision from the bill.

NONPARTICIPATING HOSPITALS

The Senate added provisions authorizing payments to be made under certain circumstances for services furnished in a hospital that is not participating in the medicare program. These provisions were accepted in conference.

BLOOD DEDUCTIBLE

The House increased the existing deductible for blood to require a 2-pint deductible for the first pint used and also broadened the deductible to include equivalent quantities of packed cells. The Senate deleted the requirement of 2 pints for the first pint received but retained the House provision allowing for the use of packed cells. The conference report accepted the Senate version.

OTHER HEALTH PROFESSIONS

The Senate added several provisions including the services of additional medical practitioners among those for which reimbursement may be made under the supplementary medical insurance program. These provisions were deleted in conference. There remains in the bill, however, a provision that was not in conference, directing the Secretary of Health, Education, and Welfare to study the need for, and make recommendations concerning, the extension of the medical insurance program to cover the services of additional types of health practitioners.

GENERAL ENROLLMENT PERIOD

The Senate added a provision, which was accepted in conference, modifying the provisions of law relating to the general enrollment period, during which eligible individuals who had not enrolled in part B of the medicare program are given an opportunity to elect coverage under it. This provision will shift the general enrollment period from the last 3 months of every second year to the first 3 months of every year, thus making it annual rather than biennial. The premium rate would also be determined and promulgated annually rather than every 2 years. In addition, under the amendment, persons wishing to disenroll may do so at any time and their disenrollment will take effect at the close of the next following calendar quarter. Under present law, disenrollment may be effected only during a general enrollment period.

PUBLIC WELFARE PROGRAMS

Mr. Speaker, in the area of the public welfare programs I believe the conference committee was able to achieve noteworthy improvements in the provisions of the bill.

Let us look at what they fuss about. My goodness alive. You would think that the American way of life was built on a dole system, to hear some people talk. We should take care of people in need, yes. That is the American way of life, but when you confine the matter of taking care of people in need to the mere handout of the dollar, you have not done one thing to help that person in need, because the minute the dollar is gone, he is still in that same position.

Let me tell you what it takes. If a man or a woman has no training, has no capacity to work, how do you help them? How do you help them? You spend enough, whatever is required, to see to it that that fellow gets training, that that woman gets training, that they get jobs. Is that not the way we do things in this country?

That is what we have in this bill. There has been more misinformation spread across this country, I think, by people who do not want to do a darned thing except to hand out a dollar so long as it comes from the Federal Government. We are saying the States must change that. Oh, yes, they are going to change it. But they are not going to be cruel in the process. They are not going to take advantage of anyone who should not be subjected to training or to work.

Yes, it is coercive—but only when the State decides that a person is an appropriate candidate for training and work. There is nothing in here that says a State has to take a mother away from a month-old child—and, of course, they would not—and send her off to be trained.

But let me ask, Mr. Speaker, when is the best time for a person to be trained for a job and to be given employment or offered employment? Is it while the child is under 18 years old and the mother may be 25 or 30 or 35 years of age? Or is it after that poor soul has gotten to be 45 or 50 years of age, after being on welfare all those years and after the minor child, the last in her household, gets to be 18, and she is no longer eligible for AFDC payments? What chance does a woman have at that age of being trained and accepted in employment, when she has never had any training or connection with the work force?

These measures are not just for economy, because they do not bring economy in the short run. We are asking the American Congress to go along with us and spend more money on these people, and I will tell how we are going to do it. We cannot train them and find jobs through the employment security people at the State level without a cost in money. We cannot let a mother take training without providing a way to care for the child.

So what do we do? We require States to provide day care. What else do we do? We say to this woman, "While you are being trained, we will pay you more than your welfare payments, and when the State puts you to work, we will not penalize you dollar for dollar in what you may make and take that out of your welfare check." What do we say? We say we are going to completely disregard the first \$30 they make and we will disregard

all they make above that \$30 until they get to be self-sustaining.

Do not for 1 minute think that these States will not use many, many of these mothers on AFDC to actually work in connection with these day care centers, taking care of their own children and the children of the neighbors who know them. There is nothing wrong with this, I say.

I have been in this House of Representatives for almost 29 years. I have never felt any stronger about any proposition in my life. If there is any Member of this House who can be criticized or praised—and I am never praised for it in my country, I am always criticized—for having brought, as the author, because I am chairman of a committee, more legislation to help in the field of welfare, more legislation to help with the problems of medical expenses, more legislation to provide benefit increases than I, I do not know who it would be.

Maybe so. I am not doing this out of any feeling against anybody. I am doing it as an individual member of the Ways and Means Committee, and I think the committee is doing it because the committee feels that in the overall, in the long run, if 100,000, or 150,000 of these people in the course of a year can be made self-supporting, we are doing for them and for the American people that which should be done. We are not striking at anybody, but there is a desire to help.

They say, "But we have got a freeze in here." Yes, we have got a freeze. We had it in the House bill when the House voted for it and passed it in August. We have brought it up to date. We have made it with respect to January 1968, instead of January 1967. We have eliminated all consideration of those on AFDC above the age of 18, who might be going to school. We do not want them to be taken into it.

We have said to the States that on January each year they will make an estimate of the total child population within that State and they may not receive Federal funds for a higher percentage of that child population that they have in January of 1968. Bear in mind that this relationship recognizes increases in child population. As the child population in a State goes up, this goes up.

We tried in 1962 to get the States to provide this training and to put it into effect. They refused to do it. If we do not put some degree of coercion upon the States, in my opinion they are going to be perfectly willing to do as they have done in the past, to hand out a welfare check and not do anything more for these poor people who need everything man can do to improve their condition to be done for them.

Yes, this freeze provision is for the purpose of putting pressure on the States, to make the rest of the program work, and only for that purpose.

Mr. BOGGS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I am glad to yield to the gentleman from Louisiana.

Mr. BOGGS. I should like to say to the gentleman and to the House that

the Senate made 295 amendments of one kind or another, which were not included in the House bill. I would say, on behalf of the conferees on both sides of the aisle, that each one of these amendments was considered in detail by the conferees.

The SPEAKER pro tempore (Mr. BOLAND). The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Speaker, I yield myself 1 additional minute.

Mr. BOGGS. I should like to commend the gentleman in the well, who sat as chairman of that conference, for having done one of the most conscientious jobs I have seen since I have been in the Congress.

Mr. MILLS. I thank my colleague from Louisiana, who stood shoulder to shoulder with all the other conferees.

This conference report was signed by all of the House Members. It was signed by all the Senate Members of that conference. I believe we have brought back a bill the Members can go along with, if they voted for the bill that passed the House in August.

Mr. BURTON of California. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from California.

Mr. BURTON of California. May I establish a stipulated set of facts before propounding the question.

Mr. MILLS. I cannot yield additional time, because I have commitments.

Mr. BURTON of California. I want to make sure the question is in context.

There are some 2.8 million adult Americans whose need is such that they receive monthly public assistance payments.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Very well. I yield myself 1 additional minute.

Mr. BURTON of California. There are some 2.8 million Americans whose need is such that they receive monthly public assistance payments in this country.

Under this bill, I charge, under no circumstances at all, will about 1½ million of those people be able to get one nickel of grant increase if this bill becomes law and any permitted or authorized action by all States takes place.

Mr. MILLS. Is the gentleman asking me a question?

Mr. BURTON of California. I want to complete the question, and the chairman can respond.

Mr. MILLS. All right.

Mr. BURTON of California. There are 1½ million adults in this country who receive public assistance and have no other outside income at all who will not receive a nickel under this bill; right or wrong?

Mr. MILLS. The bill provides for the gentleman's Governor in California and for my Governor in Arkansas to disregard any type of income up to \$7.50 a month of those who receive public assistance, but they are not required to do it.

Mr. BURTON of California. I am not talking about the 1.3 million with outside income. I am talking about the 1½ million who do not have social security.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Speaker, I yield myself 1 additional minute.

If I understand what the gentleman is talking about, he wants to know why we did not put additional money in here for people on welfare. Is that what he is talking about?

Mr. BURTON of California. For the aged and the crippled.

Mr. MILLS. That was not in the bill as passed by the House. I believe the gentleman voted for it. The Senate did not put it in. How could we bring it back from conference?

Mr. BURTON of California. The Senate did put in a provision.

Mr. MILLS. I understand that was a mandatory provision for the same people who get social security.

Mr. BURTON of California. The chairman is not correct, and the record will so reflect.

Mr. MILLS. What the conference did was to say everybody getting social security who also gets welfare will have \$7.50 of his social security increase passed through without any reduction in welfare. However, the gentleman's question is very specific, so permit me to respond in more detail later.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Oklahoma.

Mr. ALBERT. I appreciate the gentleman's yielding.

May I say to the Chair and to the House:

I cannot imagine this House going home and not giving this 13-percent increase to 24 million Americans who need it. As far as I am concerned, if we cannot meet this week's adjournment deadline without adopting this conference report, we will stay here until we do adopt it. I cannot understand why anyone—on the grounds that there are certain provisions that he does not like—would try to block this help for these people. I would like to make changes in the bill myself, but I am not going to vote against it because I may not agree with every provision in it.

As I understand it—and the chairman can correct me if I am wrong—it takes about 2 months to get these checks out.

Mr. MILLS. That is right.

Mr. ALBERT. If we fool around here and do not get this bill passed, it may be April or May before these checks start getting out. Winter will be over and some of these people will be dead and gone.

Mr. MILLS. If we pass it in December, they will not receive \$1 of it until the third day of April because of the delay in getting the computers adjusted and the checks sent out.

Mr. ALBERT. So I hope at this stage of the game we will pass the bill. The House passed the bill originally and the conferees have agreed to it. The administration can send up a recommendation it deems advisable for corrective action or additional action next year. But let us pass this bill and give these 24 million Americans this 13 percent.

Mr. MILLS. Mr. Speaker, let me discuss these welfare amendments by category.

WORK INCENTIVE PROGRAM

One area of the bill on which I believe the Senate Finance Committee spent a great deal of its time, in considering this legislation in executive session, relates to the proposals to provide employment and training to appropriate recipients under the aid to families with dependent children program. The House Committee on Ways and Means also labored long and hard over these provisions in the House version of the bill. I believe that the provisions agreed upon, which generally speaking follow the Senate Finance Committee bill, reflect the work of both committees.

These provisions are lengthy and involve a number of technicalities which time does not permit me to discuss in detail. I want to mention, however, one or two of the actions taken by the conference committee with respect to some of these provisions.

One of the improvements made by the Senate was to spell out certain classes of individuals who could not be required to participate in employment or training at the expense of having his welfare payment discontinued—a sick person, for example, or a person remote from a project. Included among these categories of persons, as the bill passed the Senate, were mothers of preschool children and mothers of schoolchildren under 16 during hours when such children are not attending school. Both of these exclusions were eliminated by the conference report. The conferees were in agreement that other provisions of the bill stating that only appropriate individuals could be required to participate afford adequate protection for mothers of these children where circumstances dictate that they should not have to participate in a program.

Another provision relating to the work-incentive program altered in conference relates to the amount of training allowance a person undergoing institutionalized training will receive. The Senate provided a \$20-a-week allowance. The conference report provides an allowance of \$30 a month.

The Department of Labor will utilize the services of State employment agencies in carrying out its functions under these provisions of the bill.

The Committee on Ways and Means will be looking very carefully at the administration of this new program. I am confident that both the Department of Health, Education, and Welfare and the Department of Labor will make every effort to see that this bold new program is successful in reducing the dependency of many who would otherwise be required to rely on the aid to families with dependent children program for family support.

AFDC FREEZE

The House provided a limitation on Federal matching with respect to payments under the AFDC program involving families on the rolls due to the absence of a parent. The Senate eliminated this provision. The conference report restores this provision with amendments designed to avoid unintentional results

which possibly could have arisen under the House bill. The conference report bases the limitation on population figures for January 1968 rather than January 1967, makes the limitation effective after June 30, 1968, rather than December 31, 1967, and eliminates children age 18 or over from consideration in applying the limitation. With these modifications, I am sure that the States will be able to implement the bill's provisions designed to reduce dependency of AFDC recipients with the result that this limitation provision will not necessitate that any person be denied benefits under the program. This conclusion is substantiated by the cost estimates relating to the welfare provisions of the bill furnished to the conference committee by the Department of Health, Education, and Welfare. The Department's figures indicate that there will be no savings in Federal funds resulting from the enactment of the limitation provision. If the Department believed that this provision would limit Federal participation in any way, then its cost estimates would have to show a savings as a result of the enactment of the provision.

If the limitation provision is not expected to cut down on Federal participation, then why is it in the bill?

It is there to get the States to act on the other provisions of the bill requiring them to do something to reduce dependency and to take people off welfare who should not be there. It is as simple as that. We passed legislation in 1962 designed to take persons off the welfare rolls but the results obtained within the States have been less than startling. Now we are furnishing a prod to obtain some results from the State welfare agencies.

EARNINGS EXEMPTION

The House provided AFDC recipients with additional incentives to increase their family income through earnings, by exempting a portion of such earnings in determining need under the program. The House exempted all earnings of recipients who are under age 16 or who are age 16 to 21 if in full-time school attendance, and the first \$30 of other family earnings plus one-third of the remainder of family earnings.

The Senate increased the family earnings figures to \$50 and 50 percent and exempted all earnings of a child who is a part-time student not employed full time.

The conference report adopted the House version with respect to the exemption of family earnings and the Senate provision relating to part-time students.

HOME REPAIRS

The House bill authorized Federal participation in payments of up to \$500 for repairs of a home owned by recipients of assistance under the aged, blind, or permanently and totally disabled programs. The Senate added homeowner recipients under the AFDC program to this provision. The conference report accepted the Senate amendment.

LOCATION OF DESERTING PARENTS

The Senate provided that State AFDC plans provide procedures for locating certain deserting parents by obtaining information on the location of such par-

ents from the files of the Department of Health, Education, and Welfare and the Internal Revenue Service, and that such deserting parents could become liable to the United States for unpaid portions of a court support order which would be subject to collection by the Secretary of the Treasury. The conference report accepted the Senate provisions on obtaining information on the location of deserting parents but omitted the provisions relating to establishment of liability to the United States and collection by the Secretary of the Treasury.

TITLE XIX—MEDICAID PROGRAM

TITLE XIX LIMITATION

The House provided a limitation on Federal matching under the medical assistance program of title XIX. Under this limitation States would be limited in setting maximum income eligibility levels for Federal matching purposes to the lower of, first, 133⅓ percent of AFDC payments, or second, 133⅓ percent of State per capita income applied to a family of four. The Senate modified this test by eliminating the test based on per capita income and by providing that eligibility be limited to persons whose income does not exceed 150 percent of State old-age assistance standards. In addition, the Senate provided reduced Federal matching with respect to title XIX recipients who are not cash assistance recipients. The conference report accepted the House bill but eliminated the limitation based on State per capita income and provided that persons eligible to receive cash assistance will be exempt from the limitation.

DIRECT BILLING

The House permitted the States to make direct payments to title XIX recipients to meet the cost of physicians' services but limited this authority to application to individuals who are not receiving cash assistance. The Senate permitted this to apply to dentists' services as well as those of physicians, and extended its application to cash assistance recipients, under safeguards to assure quality and reasonableness of charges. The conference report adopted the Senate provisions including dentists' services but omitted the Senate provision extending the provision to cash assistance recipients.

SKILLED NURSING HOME STANDARDS AND LICENSING OF NURSING HOME ADMINISTRATORS

The Senate added State plan requirements relating to standards to be met by skilled nursing homes participating in the medicare program and licensing of skilled nursing home administrators. These provisions were accepted in conference.

INTERMEDIATE CARE

The Senate provided Federal participation in vendor payments to intermediate care facilities under the aged, blind, and permanently and totally disabled programs for care of recipients whose condition does not require skilled nursing home care. These provisions were accepted in the conference report with amendments relating to safety and sanitation standards and the inclusion of Christian Science sanatoriums.

SHELTER COSTS

The Senate provided that a State may establish different income eligibility levels under its title XIX plan, which recognize variations in shelter costs between urban and rural areas. The provision was accepted in conference.

OTHER PROVISIONS

Mr. Speaker, there were numerous other provisions in conference which Members will find described in the conference report and in the summary of the bill's provisions which I will have included at the conclusion of my remarks.

DRUGS

One group of these provisions deserves comment at this time. These were the provisions in the Senate bill providing for controls over cost and quality of drugs prescribed under the various programs of the Social Security Act. These provisions were deleted in the conference report, but a compromise provision was adopted requiring the States to adopt methods and procedures under their title XIX plans to assure that payments—including payments for drugs provided under the plans—are not in excess of reasonable charges consistent with efficiency, economy, and quality of care.

Mr. Speaker, an enormous amount of time has been devoted by both the House and the Senate in developing this legislation. I hope the conference report will be voted up.

Mr. Speaker, I include at this point a summary of the provisions of the bill and various tables concerning the effects of the legislation on the social security and public welfare programs:

SUMMARY OF SOCIAL SECURITY AMENDMENTS OF 1967

OLD-AGE SURVIVORS, DISABILITY, AND HEALTH INSURANCE PROGRAMS

Old-age, survivors, and disability insurance Increase in Social Security Benefits

The amendments provide an increase in benefit payments of 13 percent for all beneficiaries on the social security rolls. The average monthly benefit paid to a retired worker with an eligible wife now on the rolls is increased from \$145 to \$165. The minimum benefit for a worker retiring at age 65 is increased from \$44 to \$55 a month. Monthly benefits will range from \$55 to \$160.50, for retired workers now on social security rolls who began to draw benefits at age 65 or later.

The amount of earnings subject to tax and used in the computation of benefits is increased from \$6,600 to \$7,800 in 1968.

The \$168 maximum benefit (based on average monthly earnings of \$550—or \$6,600 per year) eventually payable under present law would be increased to \$189.90. The increase in the amount of earnings that can be used in the benefit computation would result in a maximum benefit of \$218 (based on average monthly earnings of \$650—\$7,800 a year) in the future. The maximum benefits payable to a family on a single earnings record is \$434.40. To qualify for the maximum retirement benefits just outlined, a wage earner who retires at age 65 in the future must have earned the maximum under the new earnings bases for a number of years.

Effective date.—The increased benefits are first payable for the month of February 1968 and will be reflected in checks received early in March. It is estimated that 22.9 million people are paid increased benefits. More than \$3 billion in additional benefits will be paid in the first 12 months.

Special Benefits for People Age 72 and Over

The special payments made to uninsured individuals aged 72 and over are increased from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple.

Effective date.—The increased benefits will be first payable for February 1968 and will be reflected in checks received in March 1968.

Limitation on Wife's Benefit

The amendments limit the wife's benefit to a maximum of \$105 a month. The effect of this provision will not generally be felt until many years into the future.

The Retirement Test

The amendments provide for an increase from \$1,500 to \$1,680 in the amount of annual earnings a beneficiary under age 72 can have without having any benefits withheld. Provision is made for an increase from \$125 to \$140 in the amount of monthly earnings a person can have and still get a benefit for the month. The bill provides that \$1 in benefits be withheld for each \$2 of earnings between \$1,680 and \$2,880 and \$1 in benefits for each \$1 in earnings above \$2,880.

Effective date.—The provision is effective for earnings in 1968. It is estimated that about 175 million in additional benefits would be paid for 1968 to 76,000 people.

Benefits for Disabled Widows and Widowers

The amendments provide for the payment of monthly benefits to certain disabled widows and widowers of deceased workers who are between the ages of 50 and 62. If a disabled widow or widower first receives benefits at age 50, then the benefit would be 50 percent of the primary insurance amount. The amount payable would increase up to 82½ percent of the primary insurance amount, depending on the age at which benefits began. The reduction would continue to apply to benefits which were paid after the recipient reached age 62.

A widow or widower would be deemed disabled only if the disability is one that, under regulations prescribed by the Secretary of Health, Education, and Welfare, would preclude any gainful activity.

To be eligible for the benefits, the widow or widower must have become totally disabled not later than 7 years after the spouse's death, or in the case of a widowed mother, before the end of her benefits as a mother or within 7 years thereafter.

Effective date.—About 65,000 disabled widows and widowers could be eligible for benefits and about 60 million in benefits would be paid during the first 12 months of operation. Benefits would be payable starting for February 1968.

Dependency of a Child on the Mother

The amendments provide that a child will be considered dependent on the mother under the same conditions that he is now considered dependent on the father. As a result, a child could be entitled to benefits if the mother was either fully or currently insured at the time she died, retired, or became disabled. Under present law a mother must have currently insured status (six out of the last 13 quarters ending with death, retirement, or disability) unless she was actually supporting the child.

Effective date.—Benefits will be payable beginning for February 1968. It is estimated that 175,000 children will be eligible for benefits and that \$83 million in additional benefits will be payable in the first 12 months.

Insured Status for Workers Disabled While Young

The amendments will allow a worker who becomes disabled before the age of 31 to qualify for disability insurance if he worked in one-half of the quarters between the time he is 21 and the time he is disabled, or alternatively if he works in six quarters out of the last 12. This requirement would be an alternative to the present requirement that the

worker must have had a total of 5 years out of the last 10 years in covered employment.

Effective date.—Benefits would be payable for February 1968 on the basis of applications filed in or after December 1967.

Additional Wage Credits for Servicemen

For social security benefit purposes, the amendments will provide that in the future the pay of a person in the uniformed service would be deemed to be \$100 a month more than his basic pay. The additional cost of paying the benefits resulting from this provision would be paid out of general revenues.

Disability Insurance Trust Fund

The amendments increase the percentage of taxable wages appropriated to the disability insurance trust fund (now at 0.70 of 1 percent) to 0.95 of 1 percent and would increase the percentage of self-employment income (now at 0.525 of 1 percent) to 0.7125 of 1 percent.

Extension of Retroactivity of Disability Applications

The amendments allow a longer period of time after termination of disability for the filing of a disability freeze application by an individual whose mental or physical disability interfered with his filing a timely application. This would enable workers who are totally disabled over an extended period but fail to file timely applications to nevertheless have the period of disability frozen, and thus not counted against them in subsequent determinations as to whether they are insured for social security benefits or the amount of such benefits.

The provision, however, does not apply to monthly disability benefits.

Children Adopted by Disability Beneficiaries

The amendments provide that a child adopted by a person who is getting disability benefits can become entitled to benefits if (a) the adoption takes place in the United States, (b) it was under the supervision of a public or private child-placement agency, (c) the disabled individual had resided in the United States for the year prior to the adoption, and (d) the child is under 18 at the time of adoption.

Effective date.—The provision is effective for benefits for February 1968 based on applications filed in and after December 1967.

Coverage of Ministers

The amendments permit a clergyman (other than members of the religious orders who have taken a vow of poverty) to elect not to be covered if he is conscientiously opposed to social security coverage, or if he opposes such coverage on grounds of religious principle.

Coverage of State and Local Employees Ineligible for Membership in a State Retirement System

The amendments facilitate social security coverage for workers in positions under a State or local government retirement system who are not eligible to join the system. Under present law, these workers cannot be covered under social security in connection with the procedure for extending coverage to members of a retirement system by means of the provision permitting specified States to cover only those members of a retirement system who desire coverage. The amendments would permit these workers to be covered under this procedure.

State and Local Coverage in Illinois

The amendments add Illinois to the list of States (19 under present law) which are permitted to extend social security coverage to those current members of a State or local retirement system who desire coverage, with all future employees being compulsorily covered.

Firemen in Puerto Rico

The amendments add Puerto Rico to the list of States which may provide social security coverage for policemen and firemen.

Firemen in Nebraska

The amendments validate social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.

Coverage of Firemen

The amendments provide that social security coverage can be extended to firemen in States not specifically granted that right if the Governor of the State certifies that the total benefit protection of firemen would be improved as a result. However, the divided retirement system could not be used and the firemen would have to be brought into coverage as a separate group and not as part of a group which includes persons other than firemen.

Coverage for Erroneously Reported Former State or Local Government Employees

The amendments permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to provide retroactive coverage for former employees of the coverage group with respect to earnings that previously had been erroneously reported for them for quarters in the retroactive period, if no refund has been made of the taxes paid on the erroneously reported earnings.

State and Local Employees Receiving Fees

The amendments modify the social security coverage provisions applying to State and local government employees who are compensated solely on a fee basis (such as constables and justices of the peace). Under present law, fee-basis employees, like other State and local government employees, may be covered only under a State coverage agreement. Under the amendments, in the case of employees who are compensated solely on a fee basis, fees received after 1967 which are not covered under a State agreement would be covered under the self-employment provisions of law, except that people in fee-basis positions in 1968 could elect not to have their fees covered under the self-employment provisions. Under the amendments a State could, as under present law, modify its coverage agreement to provide coverage for fee-basis employees as employees. However, unlike present law, the amendments permit States to remove from coverage under its agreement persons who are compensated solely on a fee basis.

Family Employment

The amendments extend social security coverage to employment performed in the private home of the employer by a parent in the employ of his son or daughter. The employment would be covered if the son or daughter is (a) a widow or widower with a child under age 18 or a disabled child or (b) a person with such a child who either is divorced or has a disabled spouse. The amendments would continue to exclude from coverage employment performed in a private home by a parent when these conditions are not met, employment of a child under age 21 by his parent, and employment of a husband or wife by the spouse.

Employees of the Massachusetts Turnpike Authority

The amendments permit the State of Massachusetts to modify its agreement for social security coverage so as to exclude employees of the Massachusetts Turnpike Authority who are in positions being brought into a new State retirement system.

Children Adopted by Surviving Spouse

The amendments permit a child adopted by a surviving spouse to get benefits even though the adoption is not completed within 2 years after the worker's death, if adoption proceedings had begun before the worker died.

Effective date.—The provision would be effective for monthly benefits for February 1968 based on applications filed in and after December 1967.

Recovery of Overpayments

The amendments authorize the Secretary of HEW to recover overpaid benefits by requiring the overpaid beneficiary or his estate to refund the overpayment or by withholding the benefits payable to him, his estate or to any other person entitled to benefits on the same earnings record. (Under present law, overpayments may be recovered from the overpaid person while he is getting benefits, but recovery may not be made from any other person getting benefits on the same account. There is no specific provision for recovering an overpayment while the beneficiary is alive if he is not getting benefits.)

Benefits Paid on Basis of Erroneous Reports of Death in Military Service

The amendments provide that all benefits paid on the basis of official reports of death in military service issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead it still alive.

Effective date.—The provision will apply to all payments made to payees who get benefits for December 1967 or later.

Underpayments

The amendments provide that amounts due under the supplementary medical insurance program after the beneficiary's death be paid to the person who paid for the services, either before or after the beneficiary's death, or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate if there is one.) Otherwise the benefits will be paid under the following uniform order of payment for both cash benefits and part B benefits:

1. Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record.
2. Child entitled to benefits on the same earnings record.
3. Parent entitled to benefits on the same earnings record.
4. Spouse who was neither entitled to benefits on the same earnings record nor living with the individual.
5. Child not entitled to benefits on the same earnings record.
6. Parent not entitled to benefits on the same earnings record.
7. Legal representative of the individual's estate, if any.

Simplification of Benefit Computation

Where wages earned before 1951 are used to compute social security benefits, the amendments allow certain assumptions to be made so that the benefit could be computed by use of electronic data processing equipment.

Definitions of "Widow," "Widower," and "Stepchild"

The amendments provide a change in the definition of "widow," "widower," and "stepchild" so that they will be considered as such for social security purposes if the marriage existed for 9 months, or, in the case of death in line of duty in the uniformed service, and in case of accidental death, if the marriage existed for 3 months, unless it is determined that the deceased individual could not have reasonably been expected to live for 9 months at the time the marriage occurred. Under present law a marriage must have existed for 12 months.

Requirements for Husband's and Widower's Insurance Benefits

The amendments eliminate the requirement in present law that a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

Disability Benefits Affected by the Receipt of Workmen's Compensation

The amendments modify the provisions in present law for determining the amount of combined social security and workmen's compensation benefits that can be paid when a disabled worker is eligible under both programs. In cases where social security disability benefits are subject to reduction because the combined benefits would otherwise exceed 80 percent of the disabled worker's average current earnings, the computation of average earnings can include earnings in excess of the annual amount taxable under social security.

Extension of Time for Filing Reports of Earnings

The amendments authorize the Secretary of Health, Education, and Welfare to grant an extension of the time in which a person may file the report of earnings required for retirement test purposes if there is a valid reason for his not filing it on time. Permission to file a late report may be given in advance of the date on which the report is to be filed.

Penalty for Failure to File Timely Reports of Earnings

The amendments eliminate the possibility of imposing on a person, who does not file a timely report of earnings under the retirement test, a penalty which exceeds the amount of benefits which should have been withheld.

Limitation on Payment of Benefits to Aliens Outside the United States

The amendments would modify the provisions of present law under which an alien who is outside the United States for 6 consecutive months has his benefits withheld under certain conditions, so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days within 6 months after he leaves the country.

The amendments add a provision under which generally a person who is not a citizen of the United States is outside the United States for 6 months or more could be paid benefits only if he is a citizen of a country that provides reciprocity under its social security system for the payment of benefits to U.S. citizens who are living outside that country. (Payment would continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

Also, benefits would not be payable to an alien living in a country in which the Treasury has suspended payments. Any amounts currently accumulated for aliens now living in countries where payment cannot be made would be limited to 12 monthly benefits.

Effective date.—The provisions will be effective after June 30, 1968.

Advisory Council on Social Security

The amendments modify the provisions of present law relating to the time at which Advisory Councils are appointed and issue reports to provide that the Advisory Councils be appointed at any time after January 31 in 1969 and every 4 years thereafter. As in present law each Council would report to the Secretary not later than the first day of the second year following the year in which it is appointed. The final report of each Council, however, must include any interim reports the Council may have issued.

Disclosure to Courts of Whereabouts of Certain Individuals

The amendments require the Social Security Administration to furnish an appropriate court with the most recent address of a deserting father if the court wishes the information in connection with a support order for a child. Such information would be furnished to both courts in interstate support actions.

Payments to Certain Illegitimate Children

The amendments provide that benefits payable to illegitimate children who become entitled to benefits in the future under a provision contained in the 1965 amendments can not exceed the difference between the total amounts payable to other persons and the family maximum amount. The benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits under the 1965 amendment will not be reduced in the future nor will the benefits payable to persons on the rolls on the effective date of the 1967 amendments be reduced.

Report of Board of Trustees

The amendments change the date on which the annual report of the trustees of the social security trust funds is due from March 1 to April 1. Also, the report is to contain a separate actuarial analysis of the benefit disbursements made from the old-age and survivors insurance trust fund with respect to disabled beneficiaries.

Expedited Benefit Payments

The amendments establish special procedures to expedite the payment of benefits. The new procedures would go into effect after June 30, 1968, but would not apply to disability benefits or negotiated checks.

Attorney's Fees

The amendments authorize the Secretary of HEW to fix a reasonable fee for the services provided before the Social Security Administration for an applicant for social security benefits by an attorney and to pay such attorney's fee out of past-due benefits. The fee could not exceed the smaller of: (a) 25 percent of the past-due benefits, (b) the fee fixed by the Secretary, or (c) an amount agreed to by the applicant and the attorney.

Exclusion of Emergency Services by State and Local Employees

The amendments would mandatorily exclude from social security coverage services performed for a State or local government by workers hired on a temporary basis in case of emergencies such as fire, storm, flood, or earthquake.

Election Officials and Election Workers

The amendments would permit a State to exclude from social security coverage, prospectively, service performed by election workers and election officials if they are paid, for such services, less than \$50 in a calendar quarter. The exclusion could be taken for the election officials and workers of the State or any of its political subdivisions either at the time coverage is extended to employees of the State or the subdivision or at a later date.

Social Security Tax—Retirement Plans

The amendments exclude from the definition of wages subject to social security taxes certain payments made under plans established by employers and made to the employee or his dependents upon retirement, death, or disability.

Definition of Disability

The amendments provide a more detailed definition of disability for workers than is now in the law. Guidelines could be provided under which a person could be determined to be disabled only if he is unable to engage in any kind of substantial gainful work which exists in the national economy, even though such work does not exist in the general area in which he lives. A special more restrictive definition would apply to widows and widowers.

Definition of Blindness

The definition of disability due to blindness is changed so that a person who is "industrially blind" (i.e., visual acuity of 20/200 or less corrected or a visual of 20 degrees or less) is disabled rather than one who has visual acuity of 5/200 or less corrected.

Time for Filing Applications for Exemption From Self-Employment Tax by Amish

The amendments permit members of a religious sect which is opposed to social insurance to file an application for exemption from the self-employment tax by December 31, 1968, if the person has self-employment income for years ending before December 31, 1967. If he first receives self-employment income in later years, the application would be timely if filed by the due date for the income tax return for the year in question. However, in these latter cases, the amendment also provides that valid applications may be filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.

Retirement Income of Retired Partners

The amendments provide that certain partnerships income of retired partners would not be taxed or credited for social security purposes.

Hospital Insurance Contributions by Persons Employed Both Under Social Security and Railroad Retirement

The amendments provide that, beginning with 1968, persons employed both under the social security and railroad retirement programs who pay hospital insurance contributions on combined wages which are in excess of the taxable wage base would be entitled to a refund of the excess contributions.

General Savings Provision

The amendments provide that when an additional person becomes entitled to benefits as a result of the Social Security Amendments of 1967, the benefit paid to any other person on the same account would not be reduced by the family maximum provision because the new person became entitled to benefits.

Health insurance benefits

Payment of Physician Bills Under the Supplementary Medical Insurance Program

Under present law, payment may be made only upon assignment to the physician or to the patient upon presentation of a receipted bill. The amendment would permit payment either to the patient on the basis of an itemized bill (which could be either receipted or unpaid) or to the physician under the present assignment method. This provision would make it possible for patients to pay their medical bills without depleting their savings or resorting to loans.

Payment for Services in Nonparticipating Hospitals

Under existing law payments can be made to participating hospitals and, in an emergency case, to a nonparticipating hospital which met certain standards, only if the hospital agreed to accept the reasonable costs allowed by Medicare as full payment for the services rendered.

For the period ending December 31, 1967, the amendment would permit direct reimbursement to an individual who was furnished nonemergency or emergency hospital services in certain nonparticipating hospitals. This transitional coverage would not extend to admissions after 1967. Payment would be limited to 80 percent of the hospital ancillary charges and 60 percent of the room and board charges, for up to 20 days in each spell of illness (subject to the \$40 deductible and other statutory limitations of payment) if the hospital did not formally participate in Medicare before January 1, 1969. If it did participate in Medicare before that date and if it applied its utilization review plan to the services it provided before its regular participation started, up to the full 90 days of coverage could be reimbursed. Thus, there would be an incentive for nonparticipating hospitals to participate because participation is a condition for covering past services beyond 20 days as well as a condition for future coverage.

A similar provision would continue after January 1, 1968, for emergency care but only as an alternative to the other method of covering such care. Hospitals could apply for payment for a period of up to 150 days, or, if the hospital did not apply, the patient could obtain payment on the basis of 60 percent of room and board charges and 80 percent of ancillary services charges.

A new definition for hospitals eligible under these transitional and emergency care provisions is provided. Under it, a qualifying hospital must have a full-time nursing service, be licensed as a hospital, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. This definition would apply back to July 1, 1966, so that some hospitals which would otherwise be ineligible to receive payment for emergency services may receive such payments in behalf of their beneficiaries back to the beginning of the program provided they apply for them. If they do not apply for reimbursement, the patient could be paid under other provisions.

This provision would afford financial relief to those Medicare beneficiaries who have received services in certain nonparticipating hospitals starting July 1966, sometimes entering such hospitals without realizing the services would not be covered under Medicare.

Payment Under the Medical Insurance Program for Noncovered Hospital Ancillary Services

The amendments add a provision which permits payment under the medical insurance program for presently noncovered ancillary hospital and extended care facility services, principally X-ray and laboratory services furnished after the patient has been covered for the full period of hospital eligibility. Under prior law if a person is in a hospital or extended care facility qualified to participate under Medicare, payment may not be made for services which could be paid for under part B if not received in a qualified hospital or extended care facility. As a result, sometimes the services are not covered under either part B or part A. The amendment will allow payment to be made for services ordinarily not paid for under part B, wherever part A payments could not be made, if the appropriate hospital or independent laboratory standards are met. Payment will be made to participating providers under the usual part B provisions applying to the \$50 deductible and 20 percent coinsurance.

Limitation on Special Reduction in Allowable Days of Inpatient Hospital Services

The limitation on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric hospital at the time he becomes entitled to benefits under the hospital insurance program will be made inapplicable to benefits for services in a general hospital if the services are not primarily for the diagnosis or treatment of mental illness. The amendments also remove tuberculosis hospitals from the provision in present law under which days in a tuberculosis institution immediately before entitlement to hospital insurance are counted against the days of coverage an individual would otherwise have. In effect, the change makes an individual's entitlement to hospital insurance benefits the same if he received hospital services in a tuberculosis hospital as it would be if he received services in a general hospital.

Payment for Blood

The definition of "blood" is broadened to include packed red blood cells as well as whole blood and the application of the 3-pint deductible provision under the hospital plan is also extended to the supplementary medical insurance program.

Services of Podiatrists

The amendments include within the definition of physician a doctor of podiatry, but only with respect to functions he is authorized to perform by the State in which he practices. No payment will be made for routine foot care whether performed by a podiatrist or a medical doctor.

Physical Therapy

The amendments extend the provisions of present law to include outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services as well as approved clinics, rehabilitation centers and local public health agencies. Additionally, the patient would not have to be homebound for the physical therapy services to be covered.

Supplementary Medical Insurance Enrollment Periods

The amendments add a provision, effective January 1, 1969, under which the general enrollment periods of the supplementary medical insurance program will be placed on an annual basis and run from January 1 to March 31, rather than October 1 to December 31 of each odd-numbered year. The Secretary would determine and promulgate during December of each year the premium rate which would be applicable for a 12-month period to begin the following July 1. When the Secretary promulgates a rate for part B, he also is required to issue a public statement setting forth the actuarial assumptions and bases upon which he arrived at the rate.

Persons wishing to disenroll could do so at any time, but such termination would not take effect until the close of the calendar quarter following the quarter in which the notice was filed.

Additional Days of Hospital Care

Each Medicare beneficiary will be provided with a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 for each day would be applicable to such added days of coverage.

Incentive Reimbursement Experimentation

The Secretary of HEW is authorized to experiment with various methods of reimbursement to organizations, institutions, and physicians, on a voluntary basis, participating under Medicare, Medicaid, and the child health programs which offer incentives for keeping costs of the program down while maintaining quality of care.

Study of Drug Proposals and Retirement Test

The Secretary of HEW is required to study and report to the Congress, prior to January 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under Medicare, and (2) a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under the various programs of the Social Security Act. The Secretary is also to study ways to improve the earnings test under social security and the feasibility of increasing payments to those who delay their retirement after age 65.

Physician Certification

The requirement of physician certification of the medical necessity for hospital outpatient services and admissions to general hospitals is removed. Such services and admissions are almost always medically necessary. The change will simplify administration of the program by eliminating unnecessary paperwork.

Transfer of Outpatient Hospital Services to the Supplementary Medical Insurance Program

The amendments transfer hospital outpatient diagnostic services from the hospital

insurance program to the supplementary medical insurance program. The effect of the change is that all hospital outpatient benefits will be covered under the supplementary medical insurance program and thus subject to the deductible (\$50 a year) and coinsurance features (20 percent). This provision simplifies the procedure for paying benefits for hospital outpatients by making such payments subject to a single set of rules for determining patient eligibility, patient and medicare liability and trust fund accountability.

Hospital Billing for Outpatient Services

Hospitals will be permitted, as an alternative to the present procedure, to collect small charges (if not more than \$50) for outpatient hospital services from the beneficiary without submitting a bill to medicare. (The amounts collected would be counted as expenses reimbursable to the beneficiary under the medical insurance plan.) The payments due the hospitals would be computed at intervals to assure that the hospital received its final reimbursement on a cost basis. This provision will bring the requirements of the medicare program more closely into conformity with the usual billing practices of hospitals.

Radiologists' and Pathologists' Services

The amendments permit payment of full reasonable charges for radiological or pathological services furnished by physicians to hospital inpatients. Under present law, a 20 percent coinsurance factor is applicable as is also the \$50 deductible if it is not met by other medical expenses. This provision improves the protection of the program as well as facilitating beneficiary understanding. It will simplify hospital and intermediary handling of medicare claims by bringing the requirements of the medicare program more closely in line with the usual billing practices of hospitals and the payment methods of private insurance.

Payment for Portable X-ray Services

The amendments permit payment for diagnostic X-rays taken in a patient's home or in a nursing home. These services will be covered under the supplementary medical insurance program if they are provided under the supervision of a physician and are performed under proper health and safety regulations.

Payment for Purchase of Durable Medical Equipment

The amendments permit payment to be made for durable medical equipment needed by an individual, whether rented or purchased. If purchased, payment would be made periodically in the same amount as if equipment were rented, for the period the equipment was needed but without covering more than the purchase price.

Reimbursement for Civil Service Retirement Annuitants for Premium Payments Under the Supplementary Medical Insurance Program

Federal employee group health benefit plans will be permitted to reimburse certain civil service retirement annuitants who are members of their plans for the premium payments they make to the supplementary medical insurance program.

Date of Attainment of Age 65 of Persons Enrolling in SMI Program

A person over 65, who believes, on the basis of documentary evidence, that he has just reached age 65, will be allowed to enroll in the supplementary medical insurance program as if he had attained age 65 on the date shown in evidence.

Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act

States will be able to receive 75-percent Federal matching for the services which State

health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to help those facilities improve their fiscal records for payment purposes. Similar provisions in the medicare program (which finance such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

Transitional Provisions for Uninsured Individuals Under the Hospital Insurance Program

A person attaining age 65 in 1968 will be entitled to hospital insurance benefits if he has a minimum of three quarters of coverage (existing law requires six), with the number of quarters of coverage needed by persons who reach age 65 in later years increasing by three in each year until the regular insured status requirement is met.

Appropriation to Supplementary Medical Insurance Trust Fund

Whenever the transfer of general revenue funds to the supplementary medical insurance trust fund (after June 30, 1967) is not made at the time the enrollee contribution is made, the general fund of the Treasury will pay, in addition to the Government share, an amount equal to the interest, that would have been earned by the trust fund had the transfer been made on time. Also, the contingency reserve now provided for 1966 and 1967 will be made available through 1969.

Health Insurance Benefits Advisory Council

The Health Insurance Benefits Advisory Council will assume the duties of the National Medical Review Committee. The Medical Review Committee, which has not yet been formed, will not be appointed. The Health Insurance Benefits Advisory Council membership is increased from 16 to 19 persons.

Study of Coverage of Services of Health Practitioners

The Secretary of Health, Education, and Welfare will study the need for, and make recommendations concerning, the extension of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services.

Creation of an Advisory Council To Make Recommendations Concerning Health Insurance for Disability Beneficiaries

The Secretary of Health, Education, and Welfare will establish an Advisory Council to study the problems relative to including the disabled under the health insurance program, and also any special problems with regard to the costs which would be involved in such coverage. The Council is to make its report by January 1, 1969.

Financing the Social Security and Hospital Insurance Programs

The tax rates and the tax base under present law and under the amendments are shown in the following table:

TAX RATES UNDER PRESENT LAW AND UNDER THE AMENDMENTS

EMPLOYER-EMPLOYEE, EACH

[In percent]

Period	OASDI		HI		Total	
	Present law	Amendments	Present law	Amendments	Present law	Amendments
1968-----	3.9	3.8	0.5	0.6	4.4	4.4
1969-70-----	4.4	4.2	.5	.6	4.9	4.8
1971-72-----	4.4	4.6	.5	.6	4.9	5.2
1973-75-----	4.85	5.0	.55	.65	5.4	5.65
1976-79-----	4.85	5.0	.6	.7	5.45	5.7
1980-86-----	4.85	5.0	.7	.8	5.55	5.8
1987 and after-----	4.85	5.0	.8	.9	5.65	5.9

SELF-EMPLOYED

Period	OASDI		HI		Total	
	Present law	Amendments	Present law	Amendments	Present law	Amendments
1968-----	5.9	5.8	0.5	0.6	6.4	6.4
1969-70-----	6.6	6.3	.5	.6	7.1	6.9
1971-72-----	6.6	6.9	.5	.6	7.1	7.5
1973-75-----	7.0	7.0	.55	.65	7.55	7.65
1976-79-----	7.0	7.0	.6	.7	7.6	7.7
1980-86-----	7.0	7.0	.7	.8	7.7	7.8
1987 and after-----	7.0	7.0	.8	.9	7.8	7.9

Note: The maximum taxable earnings base under present law, \$6,600, is increased to \$7,800 effective Jan. 1, 1968.

PUBLIC WELFARE AND HEALTH AMENDMENTS

Work Incentive Program for AFDC Families

The amendments establish a new work incentive program for families receiving AFDC payments to be administered by the Department of Labor. The State welfare agencies would determine who was appropriate for such referral but would not include (1) children who are under age 16 or going to school; (2) any person with illness, incapacity, advanced age or remoteness from a project that precludes effective participation in work or training; or (3) persons whose substantially continuous presence in the home is required because of the illness or incapacity of another member of the household. For all those referred the welfare agency will assure necessary child care arrangements for the children involved. An individual who desires to participate in work or training would be considered for assignment and, unless specifically disapproved, would be referred to the program.

People referred by the State welfare agency

to the Department of Labor would be handled under three priorities. Under priority I, the Secretary of Labor, through the over 2,000 U.S. employment offices, would make arrangements for as many as possible to move into regular employment and would establish an employability plan for each other person.

Under priority II all those found suitable would receive training appropriate to their needs and up to \$30 a month incentive payment. After training as many as possible would be referred to regular employment.

Under priority III, the employment office would make arrangements for special work projects to employ those who are found to be unsuitable for the training and those for whom no jobs in the regular economy can be found at the time. These special projects would be set up by agreement between the employment office and public agencies or nonprofit private agencies organized for a public service purpose. It would be required that workers receive at least the minimum wage (but not necessarily the prevailing

wage) if the work they perform is covered under a minimum wage statute (and in applying the minimum wage law, their welfare grants would be counted). Moreover, the work performed under special projects must not result in the displacement of regularly employed workers and would have to be of a type which, under the circumstances in the local situation, would not otherwise be performed by regular employees.

The special work projects would work like this: The State welfare agency would make payments to the employment office equal to: (1) the welfare benefit the family would have been entitled to, or, if smaller, (2) a portion of the welfare benefit equal to 80 percent of the rates which the individual receives on the special project.

The Secretary of Labor would arrange for the participants to work in a special work project. The amount of the funds paid by him into the project would depend on the terms he negotiates with the agency sponsoring the project. The amount of funds put into the projects by the employment office could not be larger than the funds sent to the Secretary of Labor by the State welfare agency.

The extent to which the State welfare expenditures might be reduced would depend upon the negotiating efforts of the Secretary of Labor. If he is successful in placing these workers in work projects where the pay is relatively good, the contribution the State must make into the employment pool would be less and there would be a savings to both Federal and State Governments.

Employees who work under these agreements would have their situations reevaluated by the employment office at regular intervals (at least every 6 months) for the purpose of making it possible for as many such employees as possible to move into regular employment.

An important facet of this suggested work program is that in most instances the recipient would no longer receive a check from the welfare agency. Instead, he would receive a payment from an employer for services performed. The entire check would be subject to income, social security, and unemployment compensation taxes, thus assuring that the individual would be accruing rights and responsibility just as other working people do. In those cases where an employee receives wages which are insufficient to raise his income to a level equal to the grant he would have received had he not been in the project plus 20 percent of his wages, a welfare check equal to the difference would be paid. In these instances the supplemental check would be issued by the welfare agency and sent to the worker.

A refusal to accept work or undertake training without good cause by a person who has been referred would be reported back to the State agency by the Labor Department; and, unless such person returns to the program within 60 days (during which he would receive counseling), his welfare payment would be terminated. Protective and vendor payments would be continued, however, for the dependent children to protect them from the faults of others.

The States would have to meet 20 percent, in cash or in kind, of the total cost of the program (excluding amounts paid on special work projects, priority III, which would come from the employer and the transferred welfare payments).

Earnings Exemption

Under the present aid to families with dependent children program, the States, at their option, may disregard not more than \$50 per month of earned income of each dependent child under age 18 but not more than \$150 per month in the same home in computing the family's income for public welfare purposes. The States also have the option of disregarding \$5 income from any

source before applying the child's earned income exemption.

Under the amendments earned income of each child recipient who is a full-time student or is a part time student not working full time, will be excluded in determining need for assistance. In the case of any other child or an adult relative the first \$30 of earned income of the group plus $\frac{1}{3}$ of the remainder of such income for the month would also be exempt. The prior provision exempting \$50 a month of a child's income would be superseded by these provisions.

Dependent Children of Unemployed Fathers

The amendments provide that under State programs of aid to families with dependent children of unemployed parents, Federal matching would be available only for the children of unemployed fathers. Under present law States may include children on the basis of the unemployment of mothers, as well as fathers. The amendments also provide that the Secretary will prescribe standards for the determination of what constitutes unemployment. The term is defined by the States under present law.

Under the amendments, State plans would have to provide for the payment of assistance when a child's father has not been employed for at least 30 days prior to receiving aid, if he has not refused a bona fide offer of employment or training without good cause, and if he has had a recent and substantial connection with the labor force. Assistance would be denied if the father is not currently registered with the public employment office in the State, if he refuses without good cause to undertake work or training, or refuses without good cause to accept employment, or if he is receiving unemployment compensation.

The States would have to refer the fathers to work incentive programs with 30 days after first providing them with welfare assistance.

States which are operating programs for the children of unemployed parents as provided for under present law would not have to add any additional children or families as a result of the new provisions prior to July 1, 1969. However, the amendment establishing criteria for persons covered would be effective January 1, 1968, and no Federal matching would be provided for persons who do not meet these criteria.

Limitation on Federal Matching in AFDC Program

The amendments sets a limitation on Federal financial participation in the AFDC program related to the proportion of the child population under age 18 aided because of the absence from the home of a parent. Federal financial participation would not be available for any excess above the percentage of children of absent parents who received aid to the child population under age 18 in the State as of January 1, 1968.

This limitation will be effective after June 30, 1968.

Federal Payments for Foster Home Care of Dependent Children

Effective July 1, 1969, States would have to provide AFDC payments for children who are placed in a foster home if in the 6 months before proceedings started in the court they would have been eligible for AFDC if they had lived in the home of a relative. The provision would be optional with the States before July 1, 1969. Under present law, children in foster care are eligible for AFDC payments only if they actually received such payments in the month they were placed in foster care. Federal matching would be available for grants up to an average of \$100 a month per child.

Emergency Assistance

The amendments authorizes up to 30 days of emergency assistance during a 12-month period to a child under 21 and his family,

but could not be extended to a family for refusal (without good cause) to accept work or training under the work incentive program. This emergency aid could also be extended to migrant workers who have dependent children.

Protective or Vendor Payments

The amendments increase the limitation of recipients for whom protective payments could be made because they were unable to manage their funds from 5 percent to 10 percent but excludes from the overall limitation those recipients for whom such payments have been made because of the refusal without good cause, of an individual to work, register for work, or to participate under a training or work program.

Single Organizational Unit for Child Services

The amendments provide that child-welfare services and services to children receiving AFDC should be provided by the same organizational unit at the State and local level, except that in those instances where such services were provided by separate State agencies or separate local agencies on the date of enactment of the amendments, they may continue to be provided by such agencies.

Pass Along

The amendments expand the provision enacted in 1965 which allows the State to exempt up to \$5 a month of any type of income in determining eligibility and the amount of assistance. Effective upon enactment, the States would have the option of exempting up to a total of \$7.50 a month for the aged, blind, and the totally and permanently disabled.

Increased Authorizations for Child Welfare Services

The amendments increase child welfare authorizations from \$55 million for fiscal year 1969 to \$100 million, and from \$60 million for later years to \$110 million.

Provision of Family Service State Plan Requirement

There is a provision in present law requiring State welfare agencies to make a plan for providing welfare services for each child in an AFDC family. Under the amendments, the plan must also provide for welfare services for the adults in the family.

Use of Subprofessional and Volunteer Staff

The amendments require States, effective July 1, 1969, to train and use subprofessional staff, with particular emphasis on the use of welfare recipients and other persons of low income, as community service aides for the kinds of jobs appropriate for them in the public assistance, child welfare, and health programs under the Social Security Act. The amendment also directs States to use volunteers in the program both for the provision of services to recipients, and for the assistance of advisory committees.

Parent Involvement in Day Care—Day Care Standards

The amendments add a State plan requirement to the child welfare day-care provisions for development of arrangements for the more effective involvement of parents in day care programs. Also, the day care standards in the child welfare services programs will be made applicable to day care provided to AFDC children.

Repatriation Extension

The amendments extend for 1 year, through June 30, 1969, the temporary legislation which authorizes assistance to needy Americans needy who have been repatriated to the United States by the Department of State from foreign countries.

Demonstration Projects

Two million dollars annually is currently available to encourage the States to develop demonstrations in improved methods of providing service to recipients or in improved

methods of administration. The amendments increase this amount to \$4 million annually.

Payment for Home Repairs

The amendment for the cash public assistance programs, allow 50 percent Federal matching for repairs (up to \$500) of homes owned by recipients if to do so would be more economical from the standpoint of the program.

Purchase of Social Services

The amendments permit the purchase by welfare agencies of child care and other services under the public assistance title of the act. Such services may now be provided by welfare agency staff but existing law does not permit their purchase except from other State agencies.

Social Work Manpower and Training

The amendments authorize \$5 million for the fiscal year ending June 30, 1969, and \$5 million for each of the 3 succeeding fiscal years for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work, or an association of such schools, to meet part of the costs of development, expansion, or improvement of undergraduate programs in social work and programs for the graduate training of professional social work personnel. Not less than one-half of the amount appropriated would have to be used for grants for undergraduate programs.

Location of Absent Parents

The amendments provide that in those instances in which welfare agencies have been unable to locate absent parents of children receiving AFDC through all sources available to them, including records of the Social Security Administration, the Internal Revenue Service will make available any information concerning their whereabouts that it may have.

Limitation on Federal Participation in Medicaid Assistance (Medicaid)

States will be limited in setting income levels for Federal matching purposes to 133½ percent of the AFDC payment level. (For the period July–December 1968, the percentage is 150, and for calendar year 1969 it is to be 140 percent.)

Federal matching for medical care for all those who are receiving or eligible for cash assistance or who would be eligible for cash assistance if not institutionalized, will not be affected under the amendment.

Coordination of Medicaid and the Supplementary Medical Insurance Program

States will have until January 1, 1970 (rather than January 1, 1968) to buy-in title XVIII supplementary medical insurance for persons eligible for Medicaid. Also, people who are eligible for Medicaid but who do not receive cash assistance may be included in the group for which the State can purchase such coverage and persons who first go on the Medicaid rolls after 1967 are also eligible. There is no Federal matching toward the State's share of the premium in such cases. Federal matching amounts will not be available to States for services which could have been covered under the supplementary medical insurance programs but were not as a result of a State's failure to buy in.

Modification of Comparability Provisions—Medicaid

States do not have to include in Medicaid coverage for recipients under age 65 the same services which the aged receive under the supplementary medical insurance program furnished under the buy-in provisions discussed above.

Extent of Federal Financial Participation in State Administrative Expenses—Medicaid

States will get the same 75-percent Federal matching for physicians and other professional medical personnel working on the

Medicaid program in the State health agencies which they now get when such personnel work in the "single State agency," usually the public assistance agency. Under present law, matching is 50 percent in such cases.

Advisory Council on Medical Assistance

An Advisory Council on Medical Assistance, consisting of 21 persons from outside the Government, is established to advise the Secretary of Health, Education, and Welfare on matters of administration of the Medicaid program.

Free Choice for Persons Eligible for Medicaid

Effective July 1, 1969 (July 1, 1972, for Puerto Rico, the Virgin Islands, and Guam), people covered under the Medicaid program will have free choice of qualified medical facilities and practitioners, including community pharmacies.

Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act

States will receive 75-percent Federal matching for services which State health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including Medicare, Medicaid, and the child health programs) and to help these facilities improve their fiscal records for payment purposes. Similar provisions in the Medicare program (which finances such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

Payments for Services and Care by a Third Party—Medicaid

States are required to take steps to assure that the medical expenses of a person covered under the Medicaid program, which a third party has a legal obligation to pay, will not be paid, or, if liability is later determined, that steps will be taken to secure reimbursement.

Medicaid Safeguards

The amendment requires States to establish methods and procedures designed to safeguard against unnecessary utilization of health care and services, as well as to assure that payments (including payments for drugs) do not exceed reasonable charges and that they are made on a basis consistent with efficiency, economy, and quality of care.

Skilled Nursing Home Standards Under Medicaid

States are required, as a condition for participation in the Medicaid program, to place assistance recipients only in those licensed nursing homes which meet certain conditions. The conditions include requirements which relate to environment, sanitation, and housekeeping now applicable to extended care facilities under Medicare, as well as fire safety standards of the life safety code of the National Fire Protection Association (unless the Secretary finds that a State's existing fire code is adequate).

States will also have to have a professional medical audit program under which periodic medical evaluations of the appropriateness of care provided title XIX patients in nursing homes, mental hospitals, and other institutions will be made.

Effective July 1, 1970, States which provide skilled nursing home care under Medicaid will also be expected to provide home health care services.

Federal Matching for Assistance Recipients in Intermediate Care Facilities

Under current law, vendor payments may be made with Federal sharing only in behalf of persons in medical facilities, such as skilled nursing homes. There is no Federal vendor payment matching for people who need institutional care in the intermediate range between that which is provided in a

boarding house (for which eligible persons may receive a money payment under the money payment programs), and those who need the comprehensive services of skilled nursing homes.

The amendments provide for vendor payments in behalf of persons who qualify for OAA, AB, or APTD, and who are living in facilities (including a Christian Science sanitarium) which are more than boarding houses but which are less than skilled nursing homes. The rate of Federal sharing for payments for care in those institutions is at the same rate as for medical assistance under title XIX. Such homes will have to meet safety and sanitation standards comparable to those required for nursing homes in a given State.

This provision should result in a reduction in the cost of title XIX by allowing States to relocate substantial numbers of welfare recipients who are now in skilled nursing homes in lower cost institutions.

Maintenance of State Effort

Present law contains certain provisions which in effect require that the additional Federal dollars States received as a result of the Social Security Amendments of 1965 are passed on to recipients or are otherwise used in the State's welfare program, for a period ending July 1, 1969. The amendments add to the kinds of expenditures States may count (from July 1, 1966) in determining whether they are satisfying the maintenance of effort provisions. The maintenance of effort provision as amended would terminate July 1, 1968.

Direct Billing—Medicaid

Under present law, States are required to pay for health services under medical assistance programs directly to the provider of the services. Under the amendment, States will be permitted to make a direct payment to the recipient for physicians' and dentists' services with respect to those medical assistance recipients who are not also receiving cash assistance.

Required Services Under Medicaid

States now have to provide, as a minimum, five basic services: Inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physician's services. States may select a number of other items of service from an additional list in the law.

Under the amendments States will be required to provide the basic five services for all money payment recipients (the most needy receiving help under the program). With respect to the medically indigent, States would be allowed to select either the first five, or seven out of 14, services authorized under the law, except that if nursing home or hospital care services are selected, a State must also provide physician's services in those institutions. Subsequent to July 1, 1970, a State would also be required to provide home health services for its cash assistance recipients.

Christian Scientists—Health Programs

The amendments add a provision to the medical assistance (title XIX) and the child health programs (title V), making it clear that no provision in such titles requires an individual to undergo medical screening, diagnosis, or treatment, where contrary to his religious belief, except in cases involving contagious disease or environmental health.

Hospital Deductibles and Copayment for Medically Indigent

Under present law, States may not impose any deductibles or cost sharing provisions with respect to hospital care under the Medicaid program. Under the amendments, the costs of hospital care received by the medically needy will be subject to deductibles or other cost sharing if a State desired to have such provisions in its program. No such deductible or cost sharing could be imposed

with respect to money payment recipients, as under existing law.

Essential Person—Medicaid

The amendments extend medical assistance to certain "essential persons." At present there is no provision in title XIX which permits a State to receive Federal matching for medical assistance provided for "essential person." An "essential person" is defined as the spouse to an aged, blind, or disabled public assistance recipient who is living with him, and essential or necessary to his welfare and whose needs are taken into account in determining the amount of his cash payment. The wife of an OAA recipient, for example, who herself is not eligible for cash assistance because she is under age 65 will be eligible for medical assistance if the State plan so provided.

Licensing of Nursing Home Administrators Under Medicaid

The amendments require States to license administrators of nursing homes. Administrators currently operating a home who do not qualify initially would have until July 1, 1972, to qualify. In the meantime, the States would be required to offer programs of training to assist administrators to qualify.

Optometric Services Under Child Health Programs

Persons receiving health services under child health programs will be free to utilize the services of optometrists when appropriate.

Family Planning

Family planning expenditures are now made under the maternal and child health program in title V and through medical assistance under title XIX, as a medical services expenditure. States are free to offer family planning services to AFDC recipients under

title IV, but there are no Federal requirements. Under the amendments, States will be required to offer family planning services to all appropriate AFDC recipients. Federal matching of these expenditures will be provided. In addition, authorizations for the maternal and child health programs are increased, and 6 percent of the appropriated funds are earmarked for family planning. (An estimated \$15 million would be spent for that purpose under the 1969 authorization, with increases thereafter). Demonstration projects would need to be developed for the provision of family planning services for mothers in needy areas.

Language is included to clarify that the acceptance of family planning services is voluntary and not a requisite for the receipt of assistance.

Training of Personnel for Health Care and Related Services for Mothers and Children

The amendments will direct the Secretary of Health, Education, and Welfare "to give special attention to" programs providing training at the undergraduate level in making grants for training of such personnel.

Consolidation and Increase of Child Health Authorizations

The amendments consolidate the existing separate child health authorizations into one single authorization with three general categories. Beginning with 1969, 50 percent of the total authorization would be for formula grants, 40 percent for project grants, and 10 percent for research and training. By July 1972 the States would have to take over the responsibility for the project grants, and 90 percent of the total authorization would then go to the States in the form of formula grants. Total authorizations would increase from \$250 million in 1969 to \$350 million in 1973 and thereafter.

Additional Requirements on the States Under the Formula Grant Program—Child Health

State plans must provide for the early identification and treatment of crippled children. Title XIX is amended to conform to this requirement. The States must also devote special attention to family planning services and dental care for children in the development of demonstration services.

Project Grants—Child Health

Until July 1972, the amendment authorizes project grants (1) to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing, and to help reduce infant and maternal mortality; (2) to promote the health of children and youth of school and preschool age; and (3) to provide dental care and services to children. Beginning July 1972, responsibility for these projects will be transferred to the States.

The fiscal year 1968 authorization for maternity and infant care special projects grants is increased from \$30 to \$35 million.

Limitation on Federal Matching for Puerto Rico, Guam, and Virgin Islands

The dollar limit for Federal financial participation in public assistance for Puerto Rico is raised from the present \$9.8 million to \$12.5 million for 1968, \$15 million for 1969, \$18 million for 1970, \$21 million for 1971 and \$24 million for 1972 and thereafter. Up to an additional \$2 million can be certified for family planning services and expenses to support work incentive programs.

Under Medicaid an overall dollar limit of \$20 million is applicable to Puerto Rico and the ratio of Federal matching is changed from 55 percent to 50 percent.

Proportionate adjustments are made for Guam and the Virgin Islands.

TABLE 1.—COMPARISON OF MONTHLY CASH BENEFITS UNDER PRESENT LAW AND UNDER H.R. 12080 AS AGREED TO BY THE CONFERENCE COMMITTEE

Average monthly earnings after 1950	\$67 or less		\$150		\$250		\$300		\$350		\$400		\$550		\$650 ¹ —H.R. 12080	
	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080
1. Retirement at 65 or disability benefit.....	\$44.50	\$55.00	\$78.20	\$88.40	\$101.70	\$115.00	\$112.40	\$127.10	\$124.20	\$140.40	\$135.90	\$153.60	\$168.00	\$189.90	\$218.00	\$218.00
2. Retirement at 62.....	35.20	44.00	62.60	70.80	81.40	92.00	90.00	101.70	99.40	112.40	108.80	122.90	134.40	152.00	174.40	174.40
3. Wife's benefit at 65 or with child in her care.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	76.20	68.00	76.80	84.00	95.00	2105.00	78.80
4. Wife's benefit at 62.....	16.50	20.70	29.40	33.20	38.20	43.20	42.20	47.70	46.60	52.70	51.00	57.60	63.00	71.30	78.80	78.80
5. 1 child of retired or disabled worker.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	109.00	109.00
6. Widow, 62 or older.....	44.00	55.00	64.60	73.00	84.00	94.90	92.80	104.90	102.50	115.90	112.20	126.80	138.60	156.70	179.90	179.90
7. Widow at 60, no child.....	38.20	47.70	56.00	63.30	72.80	82.30	80.50	91.00	88.90	100.50	97.30	109.90	120.20	135.90	156.00	156.00
8. Disabled widow at age 50.....	33.40	42.50	50.90	57.50	66.20	73.20	71.00	80.50	78.00	88.00	84.00	95.00	105.00	115.00	125.00	125.00
9. Widow under 62 and 1 child.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00	327.00
10. Widow under 62 and 2 children.....	66.00	82.50	102.00	132.60	202.40	202.40	240.00	240.00	279.60	280.80	306.00	322.40	368.00	395.60	434.40	434.40
11. 1 Surviving child.....	44.00	55.00	58.70	66.30	76.30	86.30	84.30	95.40	93.20	105.30	102.00	115.20	126.00	142.50	163.50	163.50
12. 2 surviving children.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00	327.00
13. Maximum family benefit.....	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	280.80	280.80	309.20	322.40	368.00	395.60	434.40	434.40
14. Maximum lump-sum death payment.....	132.00	165.00	234.60	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00

¹ Maximum AME under H.R. 12080.

² Maximum wife's benefit.

Source: Social Security Administration.

TABLE 2.—MAXIMUM CONTRIBUTION AMOUNTS UNDER AMENDMENTS—OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

Calendar year	OASDT		Health insurance		Total		Calendar year	OASDT		Health insurance		Total	
	Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments		Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments
Employee							Self-employed						
1967.....	\$257.40	\$257.40	\$33.00	\$33.00	\$290.40	\$290.40	1967.....	\$389.40	\$389.40	\$33.00	\$33.00	\$422.40	\$422.40
1968.....	257.40	296.40	33.00	46.80	290.40	343.20	1968.....	389.40	452.40	33.00	46.80	422.40	499.20
1969-70.....	290.40	327.60	33.00	46.80	323.40	374.40	1969-70.....	435.60	491.40	33.00	46.80	468.60	538.20
1971-72.....	290.40	358.80	33.00	46.80	323.40	405.60	1971-72.....	435.60	538.20	33.00	46.80	468.60	585.00
1973-75.....	320.10	390.00	36.30	50.70	356.40	440.70	1973-75.....	462.00	546.00	36.30	50.70	498.30	596.70
1987 and after.....	320.10	390.00	52.80	70.20	372.90	460.20	1987 and after.....	462.00	546.00	52.80	70.20	514.80	616.20

Source: Chief Actuary, Social Security Administration.

TABLE 3.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER AMENDMENTS

[In millions of dollars]

Item	1968	1969	1972	Item	1968	1969	1972
General benefit increase.....	2,529	3,190	3,604	Disabled widow's benefits at age 50.....	50	63	73
Benefit increase for transitional insured.....	6	7	5	Earnings test liberalization.....	140	221	244
Benefit increase for transitional noninsured.....	43	43	25	Total.....	2,901	3,686	4,129
Liberalized benefits with respect to women workers.....	73	90	101				
Special disability insured status under age 31.....	60	72	77				

Source: Chief Actuary, Social Security Administration.

TABLE 4.—COMPARISON OF CONTRIBUTION INCOME AND BENEFIT OUTGO UNDER PRESENT LAW AND UNDER AMENDMENTS, OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

[In billions of dollars]

Calendar year	Contribution income	Benefit outgo	Excess of contributions over benefits	Calendar year	Contribution income	Benefit outgo	Excess of contributions over benefits
Present law				Amendments			
1967.....	28.5	24.2	4.3	1968.....	31.0	28.3	2.7
1968.....	29.6	25.5	4.1	1969.....	35.2	30.4	4.8
1969.....	33.7	26.9	6.8	1970.....	36.8	31.8	5.0
1970.....	35.2	28.2	7.0	1971.....	40.8	33.3	7.5
1971.....	36.2	29.4	6.8	1972.....	42.5	34.7	7.8
1972.....	37.2	30.8	6.4				

Source: Chief Actuary, Social Security Administration.

TABLE 5.—DETAIL OF PUBLIC WELFARE AND CHILD HEALTH COSTS AGREED TO BY THE CONFERENCE COMMITTEE

[In millions of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972		Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
Public assistance:						Decreases in the bill:					
AFDC costs if there is no change in present law ¹	1,462.0	1,555.0	1,647.0	1,741.0	1,837.0	AFDC limitation.....	-----	-11.0	-63.0	-145.0	-257.0
Title XIX costs if there is no change in present law ²	1,391.0	1,913.0	2,289.0	2,690.0	3,118.0	AFDC reductions for persons trained.....	-----	-329.0	-678.0	-1,037.0	-1,405.0
All other public assistance costs if there is no change in present law ³	1,647.0	1,700.0	1,725.0	1,750.0	1,776.0	Restrictions on title XIX.....	-----	-15	-65.0	-70.0	-75.0
Subtotal, present law.....	4,500.0	5,168.0	5,661.0	6,181.0	6,731.0	Decreases in public assistance due to social security benefit increase.....	-----	-10.0	-20.0	-29.0	-29.0
Increases in the bill:						Federal participation in cost on care in "intermediate care facilities".....	-----	-15	-65.0	-70.0	-75.0
Day care.....	(*)	35.0	80.0	160.0	350.0	Subtotal decreases.....	-----	-15	-415.0	-831.0	-1,286.0
Other social services.....	(*)	35.0	70.0	100.0	125.0	Net cost of savings due to public assistance amendments.....	-----	-35	-149.7	-388.0	-639.3
Earnings exemptions.....	(*)	20.0	25.0	30.0	35.0	Total public assistance as amended by bill.....	-----	4,535	5,018.3	5,237.0	5,541.7
Work training.....	30	129.0	165.0	209.0	308.0	Child welfare:					
Foster care.....	(*)	10.0	20.0	33.0	40.0	Present law.....	-----	55	55.0	60.0	60.0
Emergency assistance.....	(*)	10.0	20.0	35.0	35.0	Increase for child welfare services.....	-----	45.0	50.0	50.0	50.0
Puerto Rico, et al.....	(*)	7.8	11.0	14.2	17.5	Increase for child welfare research.....	-----	5.0	10.0	15.0	15.0
Demonstration projects.....	(*)	2.0	2.0	2.0	2.0	Subtotal, increases.....	-----	50.0	60.0	65.0	65.0
Additional child health requirements in title XIX.....	-----	-----	30.0	40.0	50.0	Social work manpower.....	-----	5.0	5.0	5.0	5.0
OAA, AB, APTD spouses under Medicaid.....	(*)	14.0	15.0	16.0	17.0	Net public welfare cost or savings in bill.....	-----	35	-94.7	-323.0	-569.3
Medical review program for nursing homes.....	-----	2.5	5.0	7.5	10.0	Child Health:					
Subtotal, increases.....	450	265.3	443.0	646.7	989.5	Authorizations in bill.....	-----	203	250.0	275.0	300.0
						Authorization in present law.....	-----	198	210.5	225.5	225.5
						Increase in bill.....	-----	5	39.5	49.5	74.5

¹ Assumes annual increase in the rolls of about 200,000, based on the experience of the past several years; allows increase of \$1 each year in the average monthly payment per recipient, in line with recent experience.

² Includes all medical vendor payments; assumes 5-percent annual increase in unit costs after 1968.

³ Assumes continued decline in number of old-age assistance and aid to the blind recipients, and

continued increase in aid to the permanently and totally disabled, based on experience; allows increases for average payments.

⁴ 1968 cost of \$20,000,000 related to these items undistributed.

Note: Costs are based on 1968 prices except as noted in assumptions.

Source: U.S. Department of Health, Education, and Welfare.

TABLE 6.—WORK TRAINING IMPACT OF WORK INCENTIVE PROGRAM

Fiscal year	Work training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) ¹	Full-time job placements after training (thousands)
1968.....	\$30	-----	27	-----
1969.....	² 129	-\$11	110	13
1970.....	165	-63	150	55
1971.....	209	-145	190	75
1972.....	308	-257	280	95
Total.....	841	-476	757	250

¹ Does not include recipients on priority III work projects.

² Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

Source: U.S. Department of Labor.

Mr. GROSS. Mr. Speaker, H.R. 12080, the Social Security Amendments of 1967, was the product of long and exhaustive deliberations on the part of the Committee on Ways and Means. It was the subject of 8 hours of debate in this body.

As originally passed by the House, by the overwhelming margin of 415 to 3, it was a good bill and I am pleased that the conference committee adopted most of the welfare provisions in the original House version.

It was a bill I supported, and I have been shocked to learn that Federal tax dollars, through the so-called war on poverty, apparently have been used to misinform welfare recipients regarding the contents of the measure.

I have at hand a letter which was mailed to ADC mothers in Black Hawk County, Iowa, bearing the names of the president, vice president, secretary, and treasurer of a group called Mothers for Adequate Welfare. This group was formed with the staff assistance of the legal services program, Black Hawk County Legal Aid Society, Waterloo, Iowa, and the legal services program is operating with a grant from the Office of Economic Opportunity of more than \$66,000.

Although, as I say, the letter bears the names of the officers of the Mothers for Adequate Welfare, I have reason to believe that it was prepared by Robert C. Oberbillig, director of the legal services program, or by a member of his staff.

It is interesting to note that the Black Hawk County group has affiliated with an outfit in Washington known as the Poverty Rights Action Group. Operating from the Poverty Rights Action Center, 1713 R Street NW., Washington, D.C., this is the organization which reportedly mobilized ADC mothers to disrupt hearings before the Senate Finance Committee when that committee was considering H.R. 12080. Referring to the demonstration, the lead paragraph of a Washington Post article on September 20, 1967, reads as follows:

A bitter band of welfare mothers staged a "wait-in" for the entire Senate Finance Committee yesterday after testifying that there would be a "holocaust in every city" if restrictive House-passed welfare changes become law.

Also interesting to note is the fact that a member of the board of directors of the Poverty Rights Action Group is one Richard Cloward, a professor in the School of Social Work, Columbia University, New York City. Let me read the following from an article written by Cloward and a Frances Fox Piven which appeared in the May 2, 1966, issue of the *Nation* magazine:

The right to income must be guaranteed or the oppression of the welfare poor will not be eliminated In order to generate a crisis, the poor must obtain benefits which they have forfeited

By crisis, we mean a publicly visible disruption in some institutional sphere. Crisis can occur spontaneously (e.g. riots) or as the intended result of tactics of demonstration and protest which either generate institutional disruption or bring unrecognized disruption to public attention. Public trouble is political liability; it calls for action by political leaders to stabilize the situation. Because crisis usually creates or exposes conflict it threatens to produce cleavages in a political consensus which politicians will ordinarily act to avert.

What the authors of this article propose is the destruction of established systems unless the demands of welfare recipients, no matter how unreasonable, are met. I have no intention of submitting to their intimidation and political blackmail.

And I am confident the vast majority of citizens of the district I have the honor of representing would not want me to yield. I am also confident they do not approve of the use of Federal tax revenue to support the activities of the Mothers for Adequate Welfare when that group has affiliated with a radical national organization which apparently advocates revolution and threatens a "holocaust in every city."

Getting back to the letter which was distributed by the Mothers for Adequate Welfare, let me read excerpts from it with reference to the welfare provisions of H.R. 12080:

If the Senate should pass this bill in its present form, you (ADC Mothers) would be required to work in jobs that would be assigned to you by the County regardless of how much money they would pay you. If you had any children 16 years or older in your family, they too would be required to work.

What this law basically means if it is passed is that you are of no value to your children and that it would be better that you be taken out of the home to work or they be taken from you than to have you care for your children as you are presently.

I am confident that the distinguished gentleman from Arkansas [Mr. MILLS] and other members of the Committee on Ways and Means resent, as I do, this attempt to misinform welfare recipients regarding the purpose of the public assistance provisions of the bill on which they worked so long and hard.

It is my understanding, Mr. Speaker, that there is nothing in H.R. 12080 which would require any adult or child, who is suffering from a physical or other handicap, to take a job. And it is not intended, as I understand the bill, to take a mother away from the home where her presence is needed. Neither would any child be made to quit school and take a job.

It does not seem to occur to those individuals who would misinform these ADC mothers that what they are doing is jeopardizing the entire aid to dependent children program, for make no mistake about it, unless we can slow down the tremendous rate of growth in the number of those receiving aid, the ADC program could be abandoned because of the inability of hard-pressed taxpayers to pay the costs.

Under the circumstances, it is indeed strange that anyone who purports to be interested in the welfare of ADC mothers would raise objections when this body attempts to obtain adoption of constructive measures to bring about long overdue improvements in the program.

Mr. BURKE of Massachusetts. Mr. Speaker, at this time, I wish to call the attention of the Members to a few of the many messages I have received throughout the country in opposition to that part of the conference report on H.R. 12080 which refers to the aid for dependent children caseload freeze. They come from some of the outstanding authorities in the Nation and I ask leave to enter some of them in the *RECORD* at this time. I also include an editorial that appeared in the *Boston Globe* on Tuesday, December 12, 1967, which expresses the concern of that newspaper, which will appear after the messages:

AFL-CIO urges you vote against conference report on Social Security. OASDI recipients deserve much more than meager increases it contains. We deplore punitive Welfare provisions in report which unfairly and unjustly penalize Naiton's poor just because they are poor. Your vote for rejection of Conference Report would enable a new conference to write an adequate Social Security Bill.

GEORGE MEANY,
President, AFL-CIO.

We urge your leadership to persuade the House to reject Conference Report on H.R. 12080. Title II is most harmful legislation affecting children to be proposed during last 32 years. Please use strongest efforts to adopt Senate version or eliminate Title II of Bill.

JOSEPH H. REID,
Executive Director, Child Welfare
League of America.

United Community Services of Metropolitan Boston strongly opposes punitive Welfare provisions of Social Security Amendment Bill particularly AFDC Case Load Freeze. Respectfully urge Massachusetts delegation stand together to defeat these restrictions.

JOHN O. RHOME,
President.

Appalled at Congressional Conference Committee recommendation for Social Security Amendments. Please do not vote to limit

the AFDC Case Load. For Congress to deny food to needy children, some yet unborn is an atrocity.

Rt. Rev. JOSEPH T. ALVES.
Rev. FRANCIS G. O'SULLIVAN.
Rev. EUGENE P. MCNAMARA.

Conference Committee Report Social Security Bill appalling Title II provisions freezing AFDC Case Load and forcing work morally and financially unsound. Plead with you not to accept Conference Committee Report or any Bill with these regressive features. Would be tremendous set back for the Nation.

Rt. Rev. JOSEPH T. ALVES,
Chairman, Social Policy and Action
Division, National Association of
Social Workers, Massachusetts Council
of Chapter.

[From the *Boston Globe*, Dec. 12, 1967]

LET 'EM EAT CAKE

With Congress racing to get away from Washington for a month's Christmas vacation, there is probably little to be done about the Conference Committee's agreement on amendments to the Social Security law except to deplore the committee's niggardliness.

Deplored, then, it is. And to the hilt. It comes on the heels of another such committee's cutting of the antipoverty authorization a few days earlier, the slashing of foreign aid funds and the pittance distributed with such fanfare for the Model Cities program. It comes at a time when billions are still pouring uninterruptedly into government financed research for supersonic aircraft, safe automobiles, nuclear produced gas and oil and other such private industry projects, including virtually unsupervised spending by the arms and munitions industry.

It confirms fears that any cuts which Washington is about to make in spending will be at the expense of those least able to pay and least able to defend their interests. It justifies the outrage of progressive senators who will demand (forlornly at this late date) that the Senate reject it and return it to a new and rectifying conference.

Its most regressive feature is the proposed revision of welfare laws curtailing benefits to welfare mothers and dependent children. A government once called humanitarian has decided to save a few dollars at the expense of children whose crime is that they unwisely chose to be born into welfare families after a legislatively prescribed cutoff date.

Children and welfare mothers are hit at one end of the bill and the aged ill at the other. Typical is the provision limiting the sum which the aged infirm may deduct from their income taxes for medicines and drugs. This is not only unfair but an instance of borrowing from Peter to pay Paul, for plainly the aged poor will have to get the money for essential medication from one quarter or another—if not out of deductions from taxes, then from welfare or private charity and with all of the humiliation forced on such recipients.

Great to-do has been made of an increase of \$1680 from the current limitation of \$1500 in the wages which may be earned without losing Social Security benefits. But this is merely to continue a gross inequity, for the premiums already have been paid and there is no such limitation at all on unearned income.

The crowning bit of nonsense is in the meager increase in benefits, an increase which underscores the fact that the Social Security law is not a security law at all, but an insecurity law. There can be no objection to the proposed increase in premiums. But \$1680 a year (the maximum now permitted in wages) plus \$55 a month (the new minimum in Social Security monthly benefits) figures out at \$45 a week, which is scarcely enough to maintain a man without other as-

sistance—other assistance which the law, in theory, is intended to obviate.

The compromise, says the A.F.L.-C.I.O., is inhumane. It may not be that. But it comes close.

Mr. Speaker, I strongly endorse the sentiments expressed in these messages pertaining to AFDC and child welfare. I opposed these restrictive amendments as a member of the House Ways and Means Committee.

I am particularly distressed with the recommendations accepted by the conferees in the field of aid to dependent children. This program was originally initiated to provide funds which could meet the financial needs of families with children, and would encourage a strengthening of the family unit by keeping children and parents together.

Under this program, the conferees have asked us to withhold support from those children who represent an increase in the proportionate number receiving AFDC in each State. It has placed an emphasis on insuring that adults and older children in AFDC families enter the labor market and accept employment so they may become self-sufficient. I believe we too often forget that in most AFDC families there is only one percent—a mother—and if she be required to work, the care of preschool children would necessarily be left to others, usually older children who are forced to drop out of school in order to help at home.

And, too, there is the appalling suggestion that we abandon the concept of comparability in medical services as originally mandated under title XIX. This would have the effect of downgrading standards of medical care for children in AFDC families, their caretakers, as well as the disabled and the blind. It hardly seems possible that a Nation as wealthy as ours cannot provide adequate medical care for the most dependent and vulnerable of its members.

Many of our States, including the Commonwealth of Massachusetts, are moving forward by placing control of welfare programs at a statewide level; however, the AFDC restrictions contained in this bill would reemphasize the role of the local agencies by requiring that they be responsible for such moral judgments as the limiting of illegitimate births, provision for family planning and the determining of what constitutes a "suitable" family homelife.

Once again the Federal Government is pointing the finger of moral justice at one class of our population. I do not believe we in the Federal Government are qualified to make moral judgments of this nature, and should exert every effort to remove, rather than encourage, the stigma which has long been attached to those families receiving AFDC and other public assistance funds.

The most tragic fact about these regressive proposals is that they are all to be at the expense of children. It is understandable that some of us should be perplexed and frustrated over the growing number of families requiring public support and services. But the problems which these families face, and which we are attempting to solve are extremely complex and have been generations in

the making. There can be no immediate and simple solution. If we believe otherwise, and pursue easy answers, then 5 years from now we shall find ourselves lamenting our failures as we today complain about those of the past 5 years. We must, therefore, reconcile ourselves to a long and sustained, and no doubt, costly effort and meanwhile refrain from imposing upon defenseless children the cost of society's or their parent's failures and inadequacies.

It is my intention to continue efforts toward the expansion of social services, as well as a removal of the restrictions imposed on the AFDC program, in an attempt to meet the needs of our homeless, neglected, and deprived children.

For the future of child welfare, I hope to see adequate Federal laws which will protect both the child and our society; a sufficient number of trained personnel and the necessary facilities to provide social services which will be equally available to all children in all political subdivisions; adequate health services to insure the physical, emotional, and mental well-being of children; extensive research in child behavior; and the opportunity for the highest quality of education.

I know of the worthwhile assistance the many private charitable and religious groups have given needy children, and I am aware of the millions of dollars they have contributed, along with affiliated organizations. I have seen the outstanding results achieved by volunteer workers in providing not only financial assistance to our children, but also the guidance and understanding which is so often absent in broken or disrupted homes. I know they will continue their services and dedication in making this a better world for underprivileged children.

Because they have shown an impressive interest along these lines, I am confident that by joining efforts we can reduce the burdens weighing heavily upon this, our most vulnerable minority group.

Mr. Speaker, in closing may I say that I am not satisfied with the 13-percent increase for social security recipients. The 89th Congress promised to the aged of this country an increase that would be effective January 1, 1967—this promise was not kept. It took a full year to bring this bill back to the floor of the House. When this bill was first reported to the House by the Ways and Means Committee, I voted for it because of the parliamentary situation. I voted for the bill then in order to keep the bill alive hoping and praying that when it reached the other body increases would be made in the amounts for all Social Security recipients and that the minimum payment would be raised to a realistic figure in order that the aged of this country could survive in the face of rising prices and the rising cost of living. This bill is inadequate, this bill should go back to the conference committee even if it means that we stay here in session. The distinguished chairman of the House Ways and Means Committee in answer to my question about returning this bill to conference indicated that it would mean a delay of 1 month. In my opin-

ion it would be far better for the social security recipients to receive a higher increase in benefits and have the minimum amounts raised to the version adopted by the Senate than to accept this conference report. I know it means a little inconvenience for the membership. However in view of the harsh restrictions in the AFDC amendments and the lack of adequate increases for the aged I am compelled in good conscience to vote against the conference committee report. If this takes place I would then move that the House conferees go back into conference with the other body and take steps to increase social security and remove the restrictions placed on innocent children under the AFDC provisions.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have permission to revise and extend their remarks at this point in the RECORD.

The SPEAKER pro tempore (Mr. BOLAND). Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GERALD R. FORD. Mr. Speaker, House Republicans applaud final passage of the Social Security Amendments of 1967 as legislation badly needed to relieve the plight of millions of older Americans whose lives have been ravaged by Johnson-Humphrey administration inflation.

Republicans pressed for quick passage of social security benefit increases before the end of the last session. The ranking Republican on the House Ways and Means Committee, the gentleman from Wisconsin, Representative JOHN W. BYRNES, stressed the urgency of action then and contributed significantly to the drafting of the 1967 amendments when earlier action was prevented by the majority.

Great credit should go to Mr. BYRNES and other Republicans among the House conferees on the social security legislation for giving such strong support to the distinguished chairman of the Ways and Means Committee, the gentleman from Arkansas, Representative WILBUR MILLS.

I commend the House conferees for bringing back to our Chamber a final proposal which is constructive and will be beneficial to our senior citizens. Republicans are happy to join with their Democratic friends in endorsing that product, a measure they had no small part in shaping.

Mr. BURTON of California. Mr. Speaker, I reluctantly have decided to vote in favor of the pending social security conference report.

I had hoped to have the opportunity to offer a motion to recommit the bill with instructions to the House conferees to accept the more liberal Senate version. However, under the rules of the House, the prior right to exercise this motion was exercised by the gentleman from California [Mr. UTT]. As we know, the rules of the House provide for only one motion to recommit; thus the motion of the gentleman from California [Mr. UTT] precluded any additional efforts along this line.

In voting for the conference report, I would like to state for the record that at no time has any Member of this House, except those who served on the Ways and Means Committee, had any opportunity to amend and improve this legislation.

I am disappointed that this legislation does not contain an extension of medical care, as the President recommended, to the disabled beneficiaries under OASDI. The failure to provide a \$100 social security minimum payment for those who have worked 25 years or longer in covered employment, the cutback from the Senate version of \$70 per month minimum, the reduced taxable wage base, as well as failure to provide fair treatment for the blind all represent lamentable deficiencies in this bill.

Further, the failure to guarantee to each of the Nation's aged, blind, and disabled public assistance recipients the modest \$7.50 per month increase borders on the inexcusable. As a matter of fact, about one-half of the 2.8 million recipients in the adult categories of aged, blind, and disabled will not, and cannot under any circumstances, receive any increase of any kind as a result of the passage of this bill because they do not receive any income outside the public assistance grant. This is the case because the only provision of the bill permitting these public assistance recipients to receive any benefit under the bill requires, in the first instance, that said recipients have some outside income—for example, from social security, railroad retirement, relatives' contributions, or other sources.

For the balance of the adult public assistance recipients—who do have some outside income, primarily social security—this legislation will not of itself provide even these persons with any increase in their small monthly grant. It will first require that the State legislatures must enact into law special provision permitting the recipients to retain up to a \$7.50 per month ceiling from any social security or other income that they may receive. In the event a State fails to so act, all of the aged, blind, and disabled recipients in that State will be denied any benefit increases under this bill and there will be a corresponding decrease—dollar for dollar—in the public assistance grant, for every dollar increase provided on the Social Security side of this bill.

The cruel and unnecessary "freeze" as of January 1, 1968, in the AFDC program where parental support is denied by virtue of the desertion of the family by the father will result in either the denial of assistance to untold thousands of dependent children or an increase in the already overburdened budgets of the industrial and growing States of the Nation.

The cutbacks and severe limitation on the income permitted persons entitled to medical care under title XIX will result in hundreds of thousands of the Nation's medically indigent being denied needed medical care or in the further shifting of the financial burden to sustain this program from the Federal Treasury to the State and local taxpayers.

There is one further concern that I should like to express. The increased so-

cial security benefits could well result in a net decrease in the monthly income of those drawing veterans' or widows' of veterans pensions. I understand from the distinguished chairman of the House Veterans' Affairs Committee that we will have an opportunity to vote on a bill before the adjournment of this session that will correct this unthinkable result, but I think it important to emphasize that in the absence of such corrective legislation, this bill—standing on its own—would result in thousands of veterans or widows of veterans receiving a net reduction in their veterans' pensions.

As it may be gathered, the decision whether to vote for or against this conference committee report is a most difficult one. The social security benefits, although too small, are better than none at all. Millions upon millions of low-income Americans rely primarily, if not exclusively, on social security to maintain themselves and their families.

On balance, I resolved that it is probably wiser to guarantee this increase in benefits—inadequate although it may be—that millions will receive. This must outweigh my grave concern for the smaller but still very significant number of people in similar economic circumstances who will receive nothing at all as a result of the unnecessary gaps in this legislation and some hundreds of thousands of others who will receive an unnecessary cutback in the level of their Government's commitment to bring them a better life.

Mr. MINISH. Mr. Speaker, I would like to take this opportunity to comment on the conference report on H.R. 12080, the Social Security Amendments of 1967.

The legislation represents a constructive enlargement and improvement of the social security system in many respects, including an expanded authorization for child health and day care programs, a 13-percent rise in social security payments, an increase in the minimum monthly benefit from \$44 to \$55, and a clarification and strengthening of many of the soft spots in the medicare program.

However, the serious defects in the measure before us are most distressing to those of us who are deeply interested in making social security more responsive to the felt needs of our people. The meager increase in benefits will do little to ease the grim plight of most of our retired people. Social security is the chief, and for the great majority of our older people, the only source of retirement income. In view of the fact that a fully adequate level of social security payments would require a much greater boost in present payments, the approved increase of 13 percent is clearly inadequate.

The conference report also represents a step backward from more enlightened welfare practices and forbodes enormous additional welfare costs for our already hardpressed State and local governments. I was opposed to the punitive public welfare amendments contained in the bill reported by the Ways and Means Committee and which, of course, were not subject to floor amendment under the closed rule prevailing in the House.

I was gratified at the more liberal and realistic changes made by the Senate, and it is most disheartening that these did not prevail in conference.

The welfare benefit freeze contained in H.R. 12080 will impose heavy tax burdens on local communities. It is strongly opposed by State and local authorities and by the overwhelming majority of experts from sociological and psychological disciplines. Dr. Lloyd W. McCorkle, the commissioner of the Department of Institutions and Agencies of the State of New Jersey, has wired me:

New Social Security legislation, HR 12080 as reported out of Senate-House conference contains provision freezing federal participation in aid to families of dependent children program if adopted this can be catastrophic for New Jersey, particularly our urban centers New Jersey will suffer because 1—it is nationally recognized that the number of welfare recipients has been maintained at a low level in New Jersey and 2—New Jersey has the third highest rate of in-migration in the nation. Freeze on Federal participation would place the entire cost of increased loads on State, county and municipal governments.

The cities in the 11th Congressional District and Essex County, in which they are located, are already assuming a disproportionate share of public welfare costs caused chiefly by immigration from rural areas. A real fiscal crisis confronts these communities which will be further aggravated by the restrictions on Federal participation contained in this legislation.

The conference report before this House today falls far short of what we owe to the retired and to the poor in our affluent society. I, for one, will continue to fight for achieving a social security system that will more fully achieve its noble purpose of insuring the security and dignity of its beneficiaries.

Mr. DONOHUE. Mr. Speaker, everyone is aware that there are a substantial number of us here who have serious misgivings about the potential hardships and inequities that may be inherent in several of the conference report recommendations such as, among others, the proposed freeze on aid to dependent children, the unrealistic features of the mandatory work training programs for welfare recipients, the restrictive costs ceiling on medicare, the very meager increase in the outside earnings limitations and failure to include the workers reduced benefit retirement age to 60.

However, we are reluctantly impelled, at this moment, to accept this report because we all know that under the present Chamber proceedings, we are afforded no opportunity to offer and appeal for support of remedial amendments; it is either this conference report or no social security bill this year or very likely next year.

Of course, we have no question of the sincerity and diligence of the members of the conference committee of both sides of Congress in their dedicated efforts to work out a compromise to resolve more than 295 differences between the House and Senate versions of the original legislation.

There is no doubt that the 13-percent general increase in benefits, one of the

largest raises in history affecting some 23 million of our elderly citizens who have lived in anticipation over these past several months, will help them in financially adjusting to the expected price rises immediately ahead.

Although the amount that retired persons can earn and still collect benefits was by no means raised enough, it must, however, be considered a further step in the right direction. The provisions extending hospital care under medicare to 120 days and the simplifying of paper work in that program are additional and welcome changes for the better.

The many other improvements affecting all of those enrolled under our social security system have already and extensively been explained by the able managers of this report and we have no intention, at this day and hour, to indulge in unnecessary repetition.

Because the report contains certain necessary improvements in the overall social security structure and because it has been indicated that an opportunity will be granted to us early next session to review the questionable provisions of this conference agreement, we are constrained to accept it for the real benefits it does project for those who are in urgent need of them while we resolve to remove the inequities as soon as it is legislatively possible to do so.

Mr. TUNNEY. Mr. Speaker, I would like to express my support for the conference report on the Social Security Amendments Act of 1967. Although this bill is not entirely adequate in providing for the rapidly increasing needs of senior citizens, it does represent an important improvement in the social security program.

However, much more must be done. An increasing number of our population joins the ranks of the senior citizen each year. One in every 11 persons in the United States is aged 65 or over—a total of 18½ million. This number exceeds the total population of 20 of our States. In this century, the percentage of the U.S. population aged 65 and over more than doubled—from 4.5 percent in 1900 to 9.4 percent in 1965—while the number increased sixfold—from 3 million to more than 18 million. By the year 2000 we expect to have 28 million senior citizens, about a 40-percent increase. California is expected to have over 2½ million senior citizens by 1985, an increase of over 1 million. An American born in 1900 could expect only to reach his 40th birthday; an American born today can expect to reach his 70th.

Yet, 85 percent of older people have annual incomes of less than \$2,500, and 66 percent of them earn less than \$1,500 annually.

These figures represent a national challenge—one that we must meet by passing this social security legislation and by recognizing that a great deal more must be done to update and improve our social security system so that it will meet the ever-increasing and constantly changing needs of our senior citizens.

Our gross national product—the value of total output of goods and services—increased from \$285 billion in 1950 to

\$790 billion in 1967 to date. The rate of increase was nearly 7 times the increase in the total population over the same period. Average per capita disposable income increased from \$1,384 to \$2,747 an increase of \$1,363 or 98.5 percent.

These statistics make it clear that we have not done enough to help our senior citizens and that we must make a greater effort to improve the income for retired citizens, provide better housing, medical care, social services, education, and recreation.

Under the Social Security Amendments Act of 1967 now before the House there is a 13 percent increase in benefits for more than 24 million Americans. Average monthly benefits paid to retired workers and their wives are increased from \$145 to \$165 and minimum monthly benefits for a retired worker are increased from \$44 to \$55. Monthly benefits would range from \$55 to \$160.50 for retired workers now on the social security rolls. The special benefits paid to certain uninsured individuals age 72 and over would be increased from \$35 to \$40 a month for a single person from \$52.50 to \$60 for a couple.

The bill increases from \$1,500 to \$1,680 the amount of annual outside earnings a person may earn without the loss of social security benefits. Although this is far from adequate it does represent a step in the right direction. I introduced a bill to raise the amount to \$3,600 which I feel is a more realistic figure.

The Social Security Amendments Act of 1967 also improves the medicare program by increasing hospitalization coverage. Each medicare beneficiary will be provided with a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. It also allows a patient to submit an itemized bill for payment under medicare rather than having to pay the bill first and then submit a paid receipt for reimbursement. Senior citizens, with a low income to begin with, cannot afford to divert precious resources to pay for high medicare costs and then wait for reimbursement under medicare.

I am particularly pleased that this bill also requires the Secretary of Health, Education, and Welfare's Advisory Council to submit by January of 1969 a report outlining the problems encountered thus far by the implementation and operation of medicare and make recommendations for improvements. I know that many senior citizens in my district of Riverside and Imperial Counties in California have expressed concern over the initial delays and problems of medicare. Although medicare has been greatly improved, I feel that further streamlining is needed.

Millions of older Americans have received much needed hospital and doctor care under medicare. The Social Security Amendments Act of 1967 provides for the largest increase in benefits since 1952. This legislation should be enacted to continue to help our senior citizens maintain a sense of dignity, self-respect, and financial independence.

In many ways however, this bill does not go as far as it should. To meet the

cost of living increase, there is a need for a larger increase in benefits. What would be better yet is an automatic increase in benefits tied to the cost of living. This would obviate the necessity of periodic legislative action.

Senior citizens also face great difficulty in paying for the cost of prescription drugs. The Secretary of Health, Education, and Welfare has been directed to undertake a comprehensive study of the problems involved in covering the cost of prescription drugs under the medicare program. This study is presently underway and I hope that the expensive burden of high cost medicine can be lifted from our elderly.

At the present time in California, property taxes are extremely high and fall hardest on senior citizens. I believe that a comprehensive State, local, and Federal study should be made to find a way of reducing this burden. Tax sharing legislation could be one way of allowing the States to hold the line on increasing property taxes. Another alternative that should be studied is to allow an appropriate Federal income reduction for property taxes which senior citizens must pay.

These are just some of the areas of concern to our senior citizens and indicate the necessity for continuing efforts to insure them a better life.

Mr. GILBERT. Mr. Speaker, I am disappointed with some of the provisions of the bill that comes before us today as the conference report on the Social Security Amendments of 1967.

As a member of the committee that drew up this measure, I had the opportunity to make my views on some of the provisions amply known in a separate dissent. I supported the bill, however, both in committee and on the floor. I was hopeful that the provisions which I regarded as objectionable would be deleted in conference. Unfortunately, they were not. I now revert to my original decision—to support this legislation with reluctance, feeling that more good emerges from it than harm.

I object to the presence in this legislation of two provisions particularly, provisions which are directed at the poor and will cost money to the States which are most responsible in performing their social duties.

The first provision sets a freeze at the present levels of Federal assistance to the States for AFDC—aid for dependent children. This means that the States to which the poor and underprivileged flock in search of opportunity will be penalized. New York, for example, would like to have jobs available for every migrant into the State but, when there are no jobs, it cannot let people starve. This bill will deny New York—and similar responsible States—all further grants of funds for this kind of welfare assistance. This measure is obviously directed against the industrial, urban States, while leaving unaffected those States with normal outmigration.

I also object to the provision which cuts back on Federal aid for the program of medical assistance to the poor, known as medicaid. Once again, New York is being penalized for being re-

sponsible. My State has sought to make sure the poor have good medical care, irrespective of means. This bill snatches away from New York the funds that were promised to it under the law passed several years ago. I object to Congress' renegeing on this commitment.

I commend the conferees, Mr. Speaker, for bringing back a bill which enlarges benefits somewhat beyond the 12½ percent which the House voted. I note also that there have been other improvements. I am particularly pleased that the provisions remain for the child welfare program proposed by myself and the gentleman from Massachusetts [Mr. BURKE]. On the whole, this bill has more advantages than defects and, as a consequence, I will vote to support it. But I cannot, in good conscience, say that I am satisfied with its retrogressive provisions and I must announce that I will seek in committee and on the floor to have them repealed in the next session of Congress.

Mr. RHODES of Pennsylvania. Mr. Speaker, I support the conference report on the Social Security Amendments of 1967.

I wish to commend the distinguished gentleman from Arkansas for his leadership in bringing this legislation to the floor before adjournment of this session. Those of us who have the privilege of serving with him on the Ways and Means Committee know of his sympathy for the aged and disabled citizens and his understanding of their problems. We also know of his outstanding ability and fairness, which have won him the admiration and respect of all members of the committee and other Members of Congress.

I would like to have seen a higher benefit increase and other social security improvements such as a voluntary retirement age of 60 years, and a higher minimum than the \$55 provided in the conference report. However, in my judgment, we should act now to give our 23 million elderly citizens the extended benefits provided in this bill. In my congressional district some 67,000 people now receive close to \$4 million in monthly social security checks. The 13-percent increase will bring over \$600,000 of additional spending power into our local communities.

Future increases in monthly cash benefits will be needed if we are to provide our elderly citizens their fair share of our Nation's abundance.

Mr. Speaker, I agree with the remarks of our distinguished chairman that new methods of financing our social security system must be found if we are to provide more adequate benefits which our elderly so richly deserve. One answer is partial financing of the system out of general revenue. I have introduced legislation which would provide for this type of financing and I hope our committee will consider it during the next session of Congress.

Mr. ROSTENKOWSKI. Mr. Speaker, I rise in support of this conference report to amend the Social Security Act to increase benefits for recipients under this act. This Congress has devoted as much, if not more, time considering this legis-

lation than any other piece of legislation before us. The conference report which is now being considered is the result of many months of extensive hearings and review by the Ways and Means Committee, the Senate Finance Committee, and the House-Senate conference committee. It is, in my opinion, the best bill we could put together considering the complexity of its provisions and the strong arguments that were made both pro and con on the original proposal that was offered to Congress by the administration.

This bill will, undoubtedly, be disappointing to certain individuals and groups of individuals because it does not meet the standards of the proposal suggested to Congress, and that certain limitations have been set on aid for dependent children. However, the overall provisions of the bill are helpful to the 22.9 million people receiving benefits under the Social Security Act. By approving this conference report we are not closing the door on the possibility of considering further amendments to the Social Security Act, to increase benefits as they are needed and can be supported. I should think that this would hold true for the so-called "freeze" on the AFDC rolls which goes into effect July 1, 1968.

The intent of this "freeze" has a meaningful purpose, but the provision, at this time, causes me considerable concern because it fails to take into account the effect of the migration from southern rural areas to urban centers such as Chicago. I am concerned because of recent Federal district court rulings in the States of Delaware and Connecticut and the District of Columbia, when they ruled that the residency requirement for eligibility to receive welfare benefits was unconstitutional.

In Illinois the Federal district court in Chicago is considering a suit filed against the State concerning the 1-year residency requirement for eligibility to receive welfare benefits. If this Illinois law is ruled unconstitutional it will open up a Pandora's box for an estimated 5,000 families in Illinois, who have recently moved to Illinois from other States, to apply for welfare benefits and thereby increasing Illinois' cost for public assistance by \$15 million. It could also attract a greater number of migrants to move to Illinois in order to obtain better welfare benefits than they are receiving in their own States. This same condition could be applied to other States who have established meaningful welfare programs, should the U.S. Supreme Court uphold the Federal court ruling in Connecticut concerning the constitutionality of the residency requirement in Connecticut.

With the "freeze" and the constitutionality ruling of a State's residency requirement, those States with meaningful welfare programs could face a huge deficit in their budget for public assistance because the newcomers may well bring them above the level of the freeze, and there is no way to send these people back. Thus, these northern industrial States attracting the southern rural migrants would be taxed to support the welfare cases coming from the southern rural areas, and thereby relieving

those southern States of their responsibilities in this area. It would be a most inequitable arrangement.

It could well be that special allowances may have to be made for the effect of migration. Therefore, I would hope that the door is not closed in this area, and that Congress would reconsider this "freeze" when the States affected by migration present their problem to us.

Mr. RODINO. Mr. Speaker, I view the conference report on the Social Security Amendments bill with very mixed feelings.

On the one hand, I wholeheartedly support the majority of the provisions of this final version. Of particular importance are: the 13-percent increase in benefits, the raise in the minimum benefit from \$44 to \$55 a month, the increase in the earnings limitation, and the provisions liberalizing and improving the medicare program. These major changes are urgently needed.

I am, however, greatly concerned by two major changes made in the aid for families with dependent children—AFDC—program.

First, and of great concern to me, is the provision which establishes an enrollment freeze, effective June 30, 1968, which will preclude Federal aid for any more children than are receiving assistance under the AFDC program as of January 1, 1968.

The intent is that the individual States will provide for the additional children who will need financial aid. But we all know that the States are already facing financial problems in meeting these needs, and I fear this action will create situations of desperate need and suffering for children guilty of nothing but the fact of their existence.

The second very drastic change is that which would set up a mandatory employment-job training program for families receiving AFDC payments. Under these provisions, mothers of schoolchildren would be forced to work or participate in job training projects, with welfare agencies charged with the responsibility of assuring proper child care arrangements.

Mr. Speaker, the employment referral system with its three priorities outlined in this bill appears to me to be a vast, cumbersome administrative mechanism which the States will find both difficult and expensive to establish and operate. I cannot see how the individual States will be able in the time required to provide the employment possibilities, training programs and special work projects envisioned by the bill. In addition, I cannot see how we can immediately provide the facilities and personnel, already in short supply, to assure the child care necessary when mothers are forced to leave home for work or training.

I should make it clear that I heartily endorse the objective which these changes seek to achieve. Spiraling welfare costs are an increasingly serious burden, particularly for areas such as my own county of Essex in New Jersey. It is eminently desirable to establish programs to help move people from the welfare rolls into productive employment. It is a public benefit, and of immeasurable importance to the individual

who can establish self-reliance and dignity through his own employment.

I believe the intent of these changes is in the right direction. However, I believe they are premature and unwise at this time. I am hopeful that early in the next session they can receive thorough review and consideration.

Despite my doubts on these aspects, I will vote for the Social Security Amendments, for the urgent need for increased benefits overrides the flaws in the bill which can be rectified. I urge passage of this legislation, but I also urge an objective, careful review of the welfare changes early in the next session.

Mr. REINECKE. Mr. Speaker, I wish to congratulate the conferees on H.R. 12080, the Social Security Amendments of 1967, for a job well done.

The House, and hopefully, the Senate, will adopt the report so that the 23 million American beneficiaries will receive their increased payments on schedule. This is money well spent to improve the living conditions of our older retired people, the disabled who can no longer work and the widows and their children whose breadwinner died before his family was grown up enough to be self-supporting.

The amendments provide a greater chance for the older person to continue to perform useful work rather than retiring completely by permitting people to earn a little more each month without losing their social security benefits.

The cost of the amendments is provided in a responsible way. Social security taxes will go up gradually as they do in present law, but at a slightly faster rate to assure that the social security program continues to be financially sound into the future.

We have heard a great deal of comment about some of the welfare provisions of the bill and while these changes may not be what everyone would like them to be, they are an honest attempt to break the cycle of poverty that has developed over the years. The amendments do not attempt to preclude welfare payments to anyone. The main thrust of the amendments is to provide people with the tools they need to become self-supporting. The aim is a better life, and a freer life that can be provided under our welfare programs. The rights of the poor are not being denied, rather the poor are to be encouraged to seek the full rights of free Americans. They will be encouraged and helped to a life free from the restrictions and investigations of the welfare program. Thus, what some have called restrictions on the States are not restrictions. The States are free to do what they will, as they are under present law. The bill, however, provides incentives so that more States will take a more active part in raising the poor from welfare to self-support.

I believe the conferees have been diligent in their duty, that they have discharged a difficult task in a most commendable manner and they have presented the House with a bill worthy of our support. If any of the provisions in the bill do not work out as well as we anticipate, the experience will show us how to improve them. The bill is a bold start in an ongoing battle to remove poverty from this land of plenty.

Mr. EILBERG. Mr. Speaker, I rise today reluctantly, in support of the Social Security Amendments of 1967. There are some features in the bill as reported which trouble me. I had hoped that we could get a more substantial increase in benefits. I had hoped that some of the restrictive features as to the new welfare program could be ironed out in the conference between the Senate and the House conferees. I hoped, for example, that the so-called welfare "freeze," which was removed from the House bill by the Senate, would not survive the conference.

But I believe we owe it to the some 23.5 million Americans now receiving benefits to make some increase before this session ends and if some features of the entire omnibus bill prove to be inadequate or too arbitrary, we can change them next year. It is always true, in a bill of the proportions of this legislation that we must make changes on the basis of experience. Meanwhile, while we deliberate on improvement, people will be receiving the higher benefits provided by the bill before us—requiring only our action, and action on the Senate side, to send it to the President for his signature. I am, of course, most immediately concerned with the 70,000 people in the Fourth District of Pennsylvania who will get the 13-percent increase in their benefits provided in the bill.

You will remember, a few days before the last Congress was scheduled to adjourn, we got the announcement that a revision of future cost assumptions, bringing them up to date, brought about savings in the trust fund which, without any increase in the existing tax rate, would finance a benefit increase of 8 percent. This was tempting to some people in an election year, and there was much pressure, I know, on the Committee on Ways and Means to act hastily.

We asked the American people to wait then for the more mature consideration, which has traditionally and appropriately been our course of action in connection with legislation which so vitally affects the lives of all Americans. We felt then that hasty action might not be wise or prudent because of the fiscal responsibility incumbent upon all of us. It would have been easy, in an election year to have acted too fast.

The bill before us today has had that mature consideration. It represents an end product which, I know, has called for concerned consideration and compromise. But it contains an increase of 13 percent—and that is a lot better than the 8 percent proposed for hasty action in the last days of the last Congress.

I think there are some other improvements over existing law in the bill. It would increase the amount people receiving benefits can earn without penalty, from \$1,500 to the \$1,650 proposed by the administration. It will require training for jobs for people on the welfare rolls who are there because they lack the skills required in our modern economy. Sometimes just training in how to read or in basic arithmetic can provide the first step up the ladder of responsibility which can lead to better things for the entire family. I, for one, believe that most of the people now receiving relief want that opportunity. I do not accept the too-com-

mon assumption, on the one hand, that they are lazy and good-for-nothing, and on the other that they are getting too much. Most of them, in my experience, are living on much too little and are looking for a chance to better themselves. Most of them, in particular, are concerned with making it possible for their children to live a better life than they have had. I do not agree with some of the means toward that end provided in the bill. These, I think, however, can be remedied in the next session. Meanwhile, I think we can no longer delay action, growing out of lengthy consideration, which will make better provision for those people now receiving the pitifully inadequate benefits in existing law.

Mr. DANIELS. Mr. Speaker, I rise in support of the conference report of H.R. 12080, the Social Security Amendments of 1967. I do so not because I think this is a perfect bill, far from it, but because we are now in the take-it-or-leave-it stage of the legislative process. Because we are now in the 11th hour of the first session of the 90th Congress, it becomes vital to pass this bill or in fact we may pass no bill at all.

Mr. Speaker, millions of our senior citizens are looking toward Washington for justice, and I think that if we cannot do something for them now, this Congress will have earned the contempt of all persons who think that America's senior citizens are owed top priority during our deliberations.

Earlier this year, I introduced H.R. 2784, a bill which contained a provision setting a monthly minimum of \$100 for all persons receiving social security assistance. To me this seemed a reasonable figure and a long step forward from the present monthly minimum of \$44. However, it was considered not possible to raise the payments to this level this year. As inadequate as the \$55 minimum accepted by the conferees is, it nonetheless is a step forward. Certainly, anyone who is attempting to get by on a tiny sum such as \$44 needs any aid he can get, and for this reason we must do something for those whose need is so desperate.

Mr. Speaker, again I reiterate that this bill is not perfect but, because it is a small step forward, it ought to be supported. As one Member vitally concerned with the well-being of all Americans I pledge that when the Congress reconvenes in January, I shall again continue my fight for our senior citizens by introducing a new bill more closely related to today's high cost of living.

Mr. HAWKINS. Mr. Speaker, H.R. 12080 contains many very desirable, although limited, improvements in the social security provisions of the Social Security Act. It is almost diabolical, however, that such a vehicle is being used to pass regressive public welfare provisions that cannot stand alone.

If adopted, these welfare provisions would change the program for families with young children from one of protection to those children into primitive "work programs" for mothers.

Under favorable conditions it may be some women can both manage their home and work outside. But to deprive a mother of this judgment is to further undermine the family and to force her

into slave labor at low wages and little prospect of improvement. Even more serious, such a practice produces more dropouts and delinquent children.

Also, H.R. 12080 fails to require States to meet in full their own level of budgeted need in public welfare with updating. Thus, a State of higher budgetary standards, such as California, is penalized as compared with those States that provide even less than their own already low standards of assistance.

The myth that all people in poverty are lazy and do not want to work is completely disproved by the facts but lies continue to circulate freely.

First of all, about half of those classified as poor are in families in which the head does work, but at wages too low to provide a decent living. Instead of condemning these individuals, we should attack the conditions that keep people working as submarginal laborers.

Also, while all of us have reason to be concerned about rising welfare costs, the best way to attack the problem is to prevent the conditions that require people to go to welfare offices in the first place. Only about 20 percent of the poor who are legally entitled to welfare are actually receiving it. The 80 percent who are managing somehow to stay off relief rolls receive even less help and commendation from us than those on welfare.

Currently about 7½ million Americans are on welfare rolls. Among these: 211 million are 65 or over; 700,000 are either blind or otherwise severely handicapped; 3.5 million are children in poor families; and 1 million are the parents of these children, mostly mothers and incapacitated fathers.

It is estimated less than 50,000 fathers are capable of gainfully employment and grave questions can be raised as to whether we should insist that the mothers be taken away from their minor children in order to work in low-paying jobs that soon disappear.

Invariably discussion of welfare ends up in dragging in the old issue of mothers on aid who mismanage and who have illegitimate children. These are only a small number of relief recipients hardly enough to explain high welfare costs.

Actually, we are addressing ourselves to only a fraction of 1 percent of the illegitimate pregnancies that occur in American society and we are concluding that these few instances are so shocking to our morality that the majesty of the law must punish the children for the sins of the parents. If this is logical then we should more strongly condemn the higher income groups that annually account for almost 1 million abortions.

The immediate answer to this problem is improved casework, social service, family planning, and home management training.

In the long run, however, our enlightened society must recognize that if we are not willing to make a direct commitment to achieve full employment, we must develop a vast array of tools to achieve what we have committed ourselves to seek—maximum employment. And this involves a lot more educational and training programs, and a much better social insurance system than we have thus far provided.

Mr. HELSTOSKI. Mr. Speaker, as we proceed to close this session of Congress we still have several items of business on the calendar which must be considered before we depart for our home districts.

One of them, the Social Security Act Amendments of 1967, will be disposed of today and will be accepted by an overwhelming vote, even though it presents inequities, which I hope will be corrected through future legislation.

One of these inequities is the provisions which "freezes" the Federal participation in aid to families with dependent children. It appears to me that we are taking a two-faced approach to the welfare of children—throughout the world and those at home.

On the world front we provided assistance to feed the millions of hungry children, yet, at the same time, we are today denying assistance to our own American children the necessities of life. We are doing this through this so-called "freeze" which will deny welfare assistance financed by Federal funds to the many families who cannot provide for themselves. True, we are not cutting them off completely, but we are shunting the financial burden from the Federal level to the States—a proposal which could create havoc with the financial structure of many States.

In my State of New Jersey this program could be catastrophic, particularly on the urban centers. These will suffer grave hardships because it has been nationally recognized that the number of welfare has been maintained at a low level. However, statistics show that an immigration of such cases into New Jersey is the third highest in the Nation. Under these circumstances, this "freeze" places the entire cost of the increased loads upon New Jersey's State, county, and municipal governments.

Although I shall vote to accept the conference report, because of its otherwise acceptable provisions, I hope that the inequity I spoke of will be corrected by subsequent legislation. I do not feel that we should delay in putting into effect the good provisions of this legislation, just because a part of it has objectionable features. These should be corrected and acted upon with dispatch after the Congress returns to work in January.

Mr. VANIK. Mr. Speaker, as a member of the Ways and Means Committee, I vigorously opposed the effort that was made in committee to freeze entitlement of aid-for-dependent-children rolls. While I shared the concern of my colleagues regarding the mounting cost involved in the welfare program, I never felt that a limitation on expenditure would constitute a satisfactory approach to the problem. In my judgment, it was preposterous to suppose that we could meet our obligation to the dependent children of America simply by saying that there could be no "new" dependent children or that dependent children greater in numbers than those already on the rolls could not receive the benefit of the program.

The need of the dependent child has no relationship to population, census, or percentage-of-increase factors. One dependent child stands equally entitled as any other regardless of where he is born

or where he lives. His needs are not lessened in any way because the State of residence may be suffering an increment in the welfare problem that is not covered by the statute.

I therefore oppose the freeze in aid for dependent children which is incorporated in this conference report. It is impossible for me to understand how we meet our obligation to the dependent and needy children of America by imposing a ceiling on what the fortunate people of America are willing to spend on the unfortunate. It seems to me that other alternative approaches must be made to the problem of rising welfare costs such as family life education, improved home environment, and on-the-job training.

There is considerable reason for believing that the increased cost of the aid-for-dependent-children program may not continue to rise at the same percentage level as it has in recent years. Perhaps a little more time and study on the problem might be more helpful than an outright mandatory dollar ceiling on what the American people are willing to spend to support the needy children of others.

The current freeze on aid-for-dependent-children rolls will cost Ohio \$1½ million annually in Federal reimbursement. The State has no financial means of developing resources to meet the added burden this will impose on State and local authorities.

Following is a telegram that I have just received from James A. Rhodes, Governor of Ohio, protesting the freeze on aid-for-dependent-children rolls:

Strongly urge that freeze on AFDC rolls be removed from H.R. 12080. It would cost Ohio \$1,500,000 in federal reimbursement.

JAMES A. RHODES,
Governor.

I concur and support the plea which is made by Governor Rhodes. While the parliamentary situation and the approaching adjournment of this session of Congress make extensive deliberation difficult at this time, I hope that we can review this entire matter in the next session of Congress to determine whether a freeze on aid-for-dependent-children rolls is truly a prudent and necessary course.

Mr. QUILLEN. Mr. Speaker, a much-needed social security increase has been long overdue, and thousands of our elderly and disabled citizens have had to bear the burden of the political shenanigans of a few in the White House.

Back in 1966 and again in early 1967, I predicted that the Johnson administration would continue to drag its feet on a badly needed social security increase, using the program as a political football. Unfortunately, my prediction proved correct.

I protested to the President before the end of the 1966 session about the unnecessary delay and said that an across-the-board increase could be made then, rather than later, with no increase in social security taxes either to the employee or to the employer.

I have always fought for the maximum increase in social security benefits without an increase in taxes, and I said

on the floor of the House when the measure was being debated earlier this year:

Mr. Speaker, I have long been a champion of the social security program, feeling that it means so much to our people.

Let us pass this conference report today without any further delay.

Mr. JOELSON. Mr. Speaker, I am very much concerned about the fact that the Senate-House conference has retained the provision freezing Federal participation in the aid-to-dependent-children program. When the bill was originally considered by the House, it came up under a closed rule which meant that no amendments could be offered, but that the bill had to either be accepted or rejected as a package.

I voted for the bill because most of its provisions were desirable and necessary. Social security benefits are inadequate to meet the high cost of living and must be adjusted upwards. However, I hope that we can still send H.R. 12080 back to conference so the freezing of Federal participation in the aid-to-dependent-children program can be eliminated, and I will support efforts to do so.

I have received a telegram from the commissioner of the department of institutions and agencies of the State of New Jersey, Lloyd W. McCorkle. He has stated that the freezing provision "can be catastrophic for New Jersey." He has warned that cities in New Jersey will suffer because the migration of underprivileged to the State would place the entire cost of the increased burden on State, county and municipal governments. He is knowledgeable in this field, and I for one respect his judgment in this matter.

Mr. PELLY. Mr. Speaker, I have heard that if the conference report on H.R. 12080 to amend the Social Security Act is rejected by the House today, any action to increase benefits is dead for this session. Not only is it dead for this session, but it will spell the death of such legislation in the next session. In other words I have heard if Congress does not accept the measure in the form it comes to us today, there will be no legislation to amend the Social Security Act until 1969.

In this connection, it seems to me the good in this bill far outweighs the bad. So I intend to vote for it in spite of the fact that my State of Washington will suffer substantially under certain of its provisions having to do with public assistance. For the record, however, I wish to read into the RECORD a telegram I received this morning from Gov. Dan Evans, of my State of Washington, as follows:

OLYMPIA, WASH.,
December 13, 1967.

HON. THOMAS M. PELLY,
House Office Building,
Washington, D.C.:

Conference version H.R. 12080 has many excellent provisions but we strongly object to certain provisions which will seriously impair the public assistance program in this State.

1. Limitation on Federal participation in AFDC for children deprived by absence to proportion existing in 1st quarter 1968. This State is under threat of a restraining order which could remove residence requirements and increase the proportion of population technically eligible for AFDC. A maximum related to proportions prior to removal of residence is inappropriate. Population estimates

neither sufficiently refined nor timely to be effective or equitable as caseload controls. Although we share with Congress its concern with the AFDC program, States such as Washington which have rehabilitated AFDC mothers and kept caseloads down are penalized.

2. Requirements for substantial attachment to labor force to be eligible for AFDC penalizes an unemployed family which stays together, since if the father were to leave home his family would be then eligible for AFDC.

3. We oppose transfer of the community work and training program currently administered by local public offices to the Department of Labor with its concentration of authority at the Federal level. Local public assistance agencies have greater knowledge of work and training needs of recipients and could affect more timely assignments. The State of Washington has current assistance standards, provides a broad medical care program, rehabilitative services, and is interested in a good welfare program. We urge the H.R. 12080 be returned to conference for further consideration and appropriate changes in these three critical areas.

DANIEL J. EVANS,
Governor, State of Washington.

Mrs. MAY. Mr. Speaker, this morning I received a telegram from the Governor of my State of Washington, the Honorable Daniel J. Evans.

The Governor is deeply concerned over three provisions in the conference report on H.R. 12080. I believe this concern on the part of the State of Washington is justified and I therefore would like to discuss these areas of the conference report.

First, this bill provides that Federal matching funds for the AFDC program will be limited by a percentage determined in which the numerator is the number of children currently on the AFDC rolls as of January 1, 1968, and the denominator is the population of the State. As long as an individual State's population and AFDC recipients increase in direct proportion to one another, then the amount of the Federal matching money for the program will also increase. However, if the number of AFDC recipients increase at a faster rate, the percentage determined under this formula will be exceeded and there will therefore be no increase in the Federal matching money for the excess.

Now, what makes this a particularly acute problem in the State of Washington, and I know there are a number of States in which this same problem exists, my State is under the threat of a court restraining order which could remove the existing residency requirements for eligibility of recipients under the AFDC program. If such a restraining order becomes fact, the proportion of the State population technically eligible for AFDC payments would be increased. The burden which would be placed on the State of Washington, and all other States in which residency requirements are under the threat of being eliminated by court action, is obvious.

For this reason, Mr. Speaker, the Governor of my State feels, with ample justification, that a maximum related to proportions prior to the removal of residency requirements is inappropriate. States such as Washington, which have rehabilitated AFDC mothers and have kept the caseloads down are penalized.

The second area of concern on the part of the State of Washington relates to the requirements for substantial attachment to the labor force to be eligible for AFDC. This, the Governor feels, penalizes an unemployed family which stays together. If the father of the family leaves home, his family would then be eligible for AFDC payments. I feel the Governor's point is valid.

The third area of concern is the provision transferring the community work and training program currently administered by local public offices to the Department of Labor, with its concentration of authority at the Federal level. Governor Evans, with justification, can point with pride to the work of the local public assistance agencies in the State of Washington, which have demonstrated their greater knowledge of the work and training needs of recipients and which can and do affect more timely work assignments. The State of Washington has current assistance standards, provides a broad medical care program and rehabilitative services, and is definitely interested in a good welfare program.

May I add this comment, Mr. Speaker: I think we have in charge of the Washington State Department of Public Assistance a fine and able administrator in the person of Sidney Smith. He has, since taking over these duties under Governor Evans' administration, given new direction and new esprit de corps to the entire department, to use the Governor's words. He has instituted fine programs that have helped to put recipients back in jobs and these have been highly successful programs that have saved the State several millions of dollars.

In view of this, Mr. Speaker, I believe you can understand and appreciate the concern of my Governor over these three specific provisions in the conference report which could seriously impair the public assistance program in the State of Washington.

Mr. REID of New York. Mr. Speaker, although I intend to vote for the conference report here before us, I must confess to very serious reservations about certain of its provisions. Specifically, I refer to the welfare and medical provisions which, by substantially reducing the levels of Federal contributions to States like New York, will cast into jeopardy the lives and well-being of our poor and disadvantaged.

The welfare of our needy citizens is a national problem—in scope and solution. We should not abdicate our responsibilities here in Washington by casting upon the States an inordinate share of this problem. Nor can we blithely ignore the critical problems before us with a sweeping statement that the States, of course, are free to fund welfare and medical programs at such levels as they may choose.

Let me but note in brief the impact which these provisions would have upon the State of New York and its largest metropolis, New York City. Mayor John Lindsay has estimated that the total burden to be cast upon both the State and city under the conference report's welfare and medical provisions could reach some \$150 million. Whereas the

Federal contribution to New York State under the medicaid program for fiscal year 1970 would have been some \$491 million under the present provisions, under the conference report this figure will be slashed some \$62 million to approximately \$429 million. The ceiling of \$6,000 for a family of four—in terms of eligibility for medicaid—will be reduced to \$3,900 under the formula contained in the conference report.

This is not a minor matter. In a joint telegram to President Johnson, Governor Rockefeller, and Mayor Lindsay stated that the reduction in Federal aid "would create a grave fiscal situation in the State and would precipitate a fiscal crisis in the city. They added:

The net result is certain to be major hardship and suffering for Americans most in need—poor families and especially their children.

The provision of this bill which would put a freeze on the ratio of children from fatherless homes who can qualify for welfare is archaic in its conception and inhuman in its treatment of the poor. It would affect adversely some 126,000 children in New York City alone over the next 18 months. Mayor Lindsay estimates that to care for them without Federal assistance would cost the city about \$30 million. As the New York Times has so aptly put it:

This provision faces the states with the option of sterilizing mothers or letting children starve.

The bill passed by the other body originally offered a true incentive to welfare recipients to earn additional income by permitting them to retain the first \$50 of monthly outside earnings and 50 percent of additional amounts. These figures have been pared to \$30 and 30 percent, respectively. A proposed job-training allowance has been sliced from \$20 per week to \$30 per month.

I have praised those provisions of the bill which reflect a more forward-looking understanding of the critical problems of welfare in our Nation. The day care, child health, and family planning programs—although reduced in scope in the conference report—will help to alter the character of welfare and encourage greater initiative on the part of its recipients.

But this is not a time for half measures which raise the hopes of the poor in one breadth and dash them in the next. I regret that I shall not have the opportunity to vote to recommit this conference report with instructions to the managers on the part of the House either to alter the provisions I have referred to or to accede, where appropriate, to more progressive Senate provisions. I do hope that in succeeding sessions of the Congress we shall place high priority on rectifying some of the injustice being done today if the Senate fails to take action in this regard on this conference report.

Mr. BUTTON. Mr. Speaker, some of the provisions in the social security amendments bill we are considering today shall probably go down as the most restrictive, regressive ever to pass this House. Had the measure not been subject to a closed rule earlier in the year with

no opportunity for amendment on the floor, I am sure these provisions would have been deleted. I had hoped that the more enlightened provisions of the Senate bill would have been adopted, but the bill's "niggardly spirit" remains.

The opportunity to break from the closed rule tradition of such a measure availed itself this summer, when a number of my colleagues suggested to the Rules Committee that this year's consideration of the bill be under a modified closed rule which would allow amendments, at least, to those sections of the bill which dealt with payments to States for public assistance and payments to individuals for old-age and social security benefits. But this effort failed, and as a result, the rule under which the bill came to the floor did not permit an opportunity to strike the more objectionable features of the bill. For those who are opposed to the provisions of today's conference report, the only alternative, under these circumstances, would be to scuttle the entire social security package, which would only further delay the help needed for thousands of worthy citizens.

My State of New York will be drastically affected by the provision of this bill which will reduce the number of persons on local welfare who would qualify for Federal aid. This, of course, is a coercive provision, intended to trim the welfare rolls through forced training and employment of recipients. Punishing family members—including mothers, when deemed "appropriate" by the State—who refuse to take available jobs or participate in work and training programs, is in my opinion a despicable and punitive device that can do nothing but encourage unemployed fathers in welfare families to quit their homes and force mothers to work who should be in the home caring for their children.

Another punitive provision, which I disagree with deeply, is the State-by-State freeze beginning January 1, 1968, on the proportion of children eligible for federally subsidized aid under the aid-to-families-with-dependent-children program. This provision alone will cost New York State millions of dollars, if we are to continue to meet our responsibilities.

These provisions, in effect, punish the poor for being poor, abruptly altering the direction and vision of this country's social responsibility that was born in 19th-century America and which has grown into remarkable national programs of care for our indigent and needy.

Many of my New York colleagues will agree, I am sure, that certain provisions of this bill tend to discourage the liberal assistance programs our State has instituted. The objectionable features of this bill will only place an additional burden on already financially overburdened States to assume the portion of the costs which no longer will be available from the Federal Government or force these States to cut back their programs. I do not think this is just or financially sound.

Also, Mr. Speaker, our elder Americans, those who have contributed so much to the growth and prosperity of our Nation, were first promised benefit increases effective July 1 of this year. This date

passed and finally we are about to agree here today to make these benefits payable for the month of February 1968, not to be reflected in benefit checks received until March. There is no sound financial or other reason why these payments could not have been made retroactive, effective, at least, back to October 1, 1967. This would have given our senior citizens a lump-sum payment from the existing surplus in the social security fund. Our failure to include such a retroactive clause in this bill is especially trite and niggardly in view of action taken by this body earlier in the week giving Government employees a retroactive pay increase effective October 1 of this year.

Mr. Speaker, I had hoped that the changes in the existing law would have truly compensated for the rising prices and hardships now facing families living on fixed incomes, but I am not sure this bill will serve the purpose of increasing their buying power or catching up with rising costs of living, and especially not if the administration's tax-increase proposal is enacted next year.

If we seriously wanted to significantly improve the lot of those in the lower benefit categories, we should have raised the ceiling on outside earnings by social security beneficiaries. We could have also made medical payments 100 percent tax deductible for our elder citizens, as the law provided before 1965. But as the bill stands, there is only a token increase in the earning ceiling—\$1,680. Realistically we should have adopted the Senate version calling for a \$2,400 ceiling. The bill should have also established an automatic cost-of-living increase applicable to the benefit schedule. This would have kept the beneficiaries' purchasing power stable during inflationary periods, and would enable senior citizens to maintain their well-earned dignity instead of periodically begging Congress for increases to offset inflationary trends. Certainly much remains to be done.

Mr. Speaker, I regret that it was impossible to make the changes I have suggested, and I equally regret not being able to register my dissent in the form of a vote against the aforementioned undesirable provisions in this legislation, which I fear will worsen the conditions of poverty that far too many Americans find themselves in today.

Mr. MILLER of Ohio. Mr. Speaker, I wish to add my support to the social security amendments now being considered by the House.

We cannot ignore the plight of many elderly citizens for whom social security payments are the only source of income. These citizens' with their income fixed by law are helpless in the whirlwinds of inflation which now erodes their pension and forces them to lower their standards of living. Since the prime cause of inflation has been ever increasing spending by the Federal Government, it is that same Government's responsibility to do what it can to correct this injustice. In this case, the only course of action is to increase their social security benefits, while also broadening the base by which the Government collects social security revenues. For these reasons, I urge the passage of the social security amendments now before us, and I also urge a

halt to other unnecessary spending programs that serve to nullify these increases by contributing to the continued devaluation of our dollar.

I would also like to urge at this time Mr. Speaker, that a more equitable adjustment be made in the outside earnings provision of this bill. The bill before us will increase the outside earnings capability of individual social security recipients from \$1,500 to \$1,650. This I feel is insufficient. I strongly recommend that this section of the bill be changed and that a raise be made which would permit social security recipients to earn up to \$3,000 a year.

There is no limit on the amount a retired person can presently receive from such sources as interest, rents, royalties, and dividends without losing any portion of his social security payments. Many retired persons who need and would like to earn additional income from wages or salaries are discouraged from taking part-time jobs because they would have to forfeit much or even all of their social security payments. They need and deserve better incentives to improve their income position.

Mr. COHELAN. Mr. Speaker, I will today cast my vote for the social security bill. However, I do so with deep regret over the many regressive and inadequate provisions of this legislation.

The bill raises the social insurance payments from a minimum of \$44 to \$55. But do we all not know that it just is not possible to live decently on \$55 a month today? The bill raises the social insurance payments by 13 percent. But the payments were not sufficient before, and prices are rising. The bill raises the allowable earned income ceiling to \$1,680. But is this realistic?

But as inadequate as are the social insurance provisions, they are not the worst villains in the bill. The real malevolence is in the welfare provisions. Some of these are shameful. In the apt words of the New York Times, these provisions "strip those on the relief rolls of what dignity has been left to them."

What are these malevolent provisions?

One limits the amounts of Federal assistance available for children from homes with only one parent to the level which exists on January 1, 1968. Thus the States, whose resources are already stretched drum tight, will face the prospect of allowing children to go hungry. The avowed intent of this provision is to discourage fatherless homes. But how can starving the children of these unhappy homes solve this problem?

Another odious provision of the bill is one of omission. The bill reported by the conference dropped the Senate provision which would have required all States to provide aid for dependent children even if there was an unemployed male in the household. This provision would have done away with the stealth and family disruption which has so often been fostered by the so-called man-in-the-house rules.

Other provisions of the bill provide so-called incentives to employment for the recipients of welfare. Do we really believe that the problem is that those on relief do not want jobs and a better life?

Is the problem not one of inadequate physical ability, insufficient skills and education, discrimination, and the simple lack of job opportunities? And is the exclusion of \$30 a month in earned income together with one-third of all other income a real incentive in any event?

Mr. Speaker, I will vote for this bill because of the important benefits it provides, but I deplore the shortsightedness and neglect inherent in several of its provisions—especially those concerning social welfare—and I will in future sessions work to see these provisions corrected.

Mr. BOLAND. Mr. Speaker, the 13-percent increase in social security benefits provided for the elderly in this bill is vitally needed by more than 23 million Americans under the program, so I am going to vote for the conference report, although I am opposed to certain provisions with respect to aid for families with dependent children and the medicaid programs.

Wages have increased and the cost of living has gone up. Our older people receiving social security benefits need this 13-percent increase to bring their monthly checks up to a level commensurate with increased living costs.

The bill also provides for an increase in the amount of payments for the special group of people 72 and over who, because the work they were doing in their younger years was not covered by social security, cannot qualify for full benefits. It increases the amount of special payments they can receive from \$35 a month for an elderly man or widow to \$40.

Another desirable feature of this legislation increases the annual earnings exemption from \$1,500 to \$1,680 that an older person can receive without having any social security benefits withheld. I have long supported and sponsored legislation to accomplish this end.

Mr. Speaker, I am opposed to the regressive provisions written into the House bill, and now agreed to in this conference report. They are: The January 1, 1968, ceiling on the percent of children with respect to whom Federal aid to dependent children payments may be made to a State; and the mandatory provision on the States, beginning January 1, 1969, to encourage State and local welfare agencies to put pressure on mothers of dependent children to leave home and go to work.

I reiterate again what I said on the floor of the House when this bill was before us on August 17, these provisions would have an adverse effect upon the welfare of children and will not contribute to the strength and integrity of families. In his telegram to me expressing opposition to this conference report, George Meany, president of the AFL-CIO, said of these provisions on behalf of his labor organization:

We deplore punitive welfare provisions in report which unfairly and unjustly penalize nation's poor just because they are poor.

I also received a telegram in opposition to these provisions from Msgr. Joseph A. Russell, Rev. Vincent M. O'Connor, and Rev. George Jacoby of the Catholic Charities Organization for the Roman

Catholic diocese of Springfield, Mass., which embraces my Second Congressional District, as follows:

We strongly oppose the proposed limitation of AFDC caseloads in H.R. 12080. We urge you to vote against this proposal.

The American Jewish Congress, in a telegram to me signed by its president, Laurence Locke, took a similar position, and I read:

Horrified Conference Committee recommends case load freeze January, 1968. Action ignores normal population growth. Children must not hunger. States cannot bear additional financial responsibility. Urge you oppose conference report with restrictive provisions.

Mr. Speaker, I hope that these restrictive and regressive provisions will be stricken from the Social Security Act by legislation in the next session of the Congress. I think we have to get this bill out before we adjourn because there are 23 million people waiting for increases in benefit payments on which they depend for a living, and they cannot wait another year because living costs are going up every month. Therefore, I am going to vote in favor of the conference report because of its many good provisions, but reluctantly so because I am opposed to the restrictive welfare provisions.

Mr. RYAN. Mr. Speaker, the conference report on H.R. 12080 can hardly be described as a compromise between the House and the Senate bills. It is the House bill with slight modifications which makes it hardly more palatable than the bill which passed the House on August 17, under a closed rule, against which I spoke and voted and which made it impossible to separate benefits under the old-age, survivors, and disability insurance program from the public welfare amendments.

The rules of the House have again been used to deprive us of any opportunity to change the conference report or to separate the social security benefits from the public welfare provisions. The motion to recommit, proposed by the gentleman from California [Mr. Urr], would reduce the already inadequate benefit increases. So it is unacceptable and would not serve as a vehicle to improve the bill. I am opposed to ordering the previous question because, if it were defeated, then a motion to instruct the conferees to amend the restrictive medicaid and welfare provisions, and to increase benefits, would be in order. Since the previous question was ordered, we are confronted with the alternative of either accepting the conference report with all of its deficiencies or of denying to 23 million senior citizens the benefit increases—inadequate as they are—which they desperately need.

The administration requested an increase in social security benefits to a minimum of \$70 a month, with across-the-board increases of 15 percent, which was incorporated in the Senate bill. On the other hand, the House approved a much lower minimum figure of \$50 a month, with an across-the-board increase of 12.5 percent. The conference report figure before us today is closer to the House bill. Fifty-five dollars a month,

which the conference report establishes as a minimum, coupled with an outside earnings limitation of \$1,690 annually, continues a living standard below the poverty line. It is totally inadequate.

The actions of both the House and the Senate with respect to title XIX were devastating to a program which for the first time made hospital and medical care available to people who are medically needy but not welfare recipients.

The Senate bill provided an income eligibility ceiling for medicaid which was 150 percent of the income limitation for old-age assistance. The House established an income eligibility limit at 150 percent of the actual AFDC payment level. This will be 133½ percent as of January 1, 1970. The conferees accepted the House formula which is more restrictive than the Senate formula.

The effect of the new medicaid formula is to discriminate against the more progressive States which have chosen to provide medicaid not just to indigent persons, but to moderate-income families. For example, in New York State the income limit for a family of four is \$6,000. That will have to be reduced to \$5,292. New York City and New York State together will lose \$40 million annually in Federal funds for the New York City medicaid program.

The most discriminatory feature is the welfare-freeze provision which limits AFDC payments to a State to a ratio based on the percentage of children of absent parents who received aid to the child population under age 18 in the State as of January 1, 1968.

The freeze will adversely affect the large industrial States like New York, California, Illinois, which are the recipients of the migration from the rural South which will lose nothing in Federal payments through this amendment. These States will be forced to pay welfare benefits themselves or to abandon these families.

It is argued that the work training feature will reduce the AFDC rolls. But this is coercive and will contribute to the breakup of families.

Under the Senate bill, there were work incentive for welfare recipients which exempted the first \$50 per month and one-half of the remainder of outside income from consideration in determining the need for assistance. Mothers of children could not be forced to report for work training, while the children were home from school. Under the Conference report, the incentives have been cut back to the first \$30 per month and one-third of the remainder of outside income. Mothers of children at home are not excluded from work training.

The Senate bill required States to provide AFDC assistance when an unemployed father is in the home. This constructive provision was omitted from the conference report.

A requirement adopted by the Senate that drugs under Federal medical programs be prescribed under their generic names was eliminated.

Major administration proposals including disabled social security recipients under 65 in medicare, raising State welfare payments to the minimum subsist-

ence level, and extending social security benefits to farmworkers were not incorporated in either the Senate or House bill.

The restrictive and coercive welfare provisions of the conference report, the imposition of unreasonable requirements for medicaid, the meager increases in social security benefits, the fact that social security beneficiaries who also receive public assistance will not get any actual increase in total income absent State action—all are undesirable features of a piece of legislation which is a bitter disappointment to the poor and the elderly.

Efforts to help our citizens who are in the most desperate need are attacked as "welfare statism."

Why is it that the welfare state is perfectly acceptable when the recipients are the well-to-do? We have a welfare state for farmers in price supports; we have a welfare state for the auto and construction industries in the highway program; we have a welfare state for oilmen in depletion allowance loopholes. But let the cities and the involuntary indigent cry out for a minimum standard of decency, and the response of the Congress is repression and coercion.

When will justice be done?

Mr. BOLAND. Mr. Speaker, I rise to express my disappointment that this conference report on the Social Security Amendments of 1967 does not include the Senate-passed provision to allow schoolteachers in States where they are not covered by social security to elect to participate in the hospital insurance program as long as they are willing to pay their own way.

It is my understanding that there are more than 689,000 public school teachers across the Nation in various States covered by retirement systems of their own, but they do not have programs similar to medicare's hospital insurance coverage available to them.

The provision deleted in conference was sponsored by Senator RIBICOFF last February 24 as S. 1071, and was incorporated in the Senate-passed bill. It is my understanding that the Department of Health, Education, and Welfare gave its approval to the amendment, but it was deleted in conference because of opposition by the National Conference of State Social Security Administrators who want more time to study the provision.

Mr. Speaker, I regret that in voting for this conference report it does not contain the provision which the schoolteachers in my congressional district favor as vital and necessary to their future welfare.

During the last few days I have received telegrams asking my support for reconsideration of this provision from the East Longmeadow Teachers Association; Henry J. North, president of the Longmeadow Education Association; Robert V. Dooley, executive secretary of the Springfield Education Association; and Stephen R. Jendrysk, corresponding secretary of the Chicopee Teachers Association.

We have no opportunity here to vote for reconsideration of this one provision, of course, because the vote will be to accept or reject the entire conference re-

port on a bill which provides for a 13-percent increase in benefits to some 23 million elderly Americans receiving monthly social security checks, and other beneficial and desirable provisions.

Therefore, I regret that this provision to allow schoolteachers in certain States to elect to be covered by the medicare hospital insurance coverage of the social security program is not in the final bill, and I hope that the members of the Ways and Means Committee will hold hearings and take action on this proposal in the next session.

Mr. MILLS. I now yield 10 minutes to the gentleman from Wisconsin [Mr. BYRNES].

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Speaker, this bill before us, the Social Security Act of 1967, is a bench mark in the history of the social security system. It is an important piece of legislation. The bill was worked out by the Committee on Ways and Means—all 25 members of that committee—after lengthy hearings and lengthy executive sessions. At the conclusion of that work it was jointly introduced by the chairman of the committee and by myself.

The committee in working on this legislation attempted to do a constructive job in a bipartisan manner.

In my opinion, Mr. Speaker, we were successful. This bill represents a reasonable balance between the needs of the millions who are currently dependent upon social security benefits on the one hand and the millions of workers and employers on the other hand whose social security taxes will rise in order to finance these benefits.

Also, Mr. Speaker, the bill represents in my opinion a recognition of the problems of the poor whom society must assist—the depressed, the aged, the dependent children on the one hand, yes, and the general taxpayer on the other hand.

But, Mr. Speaker, if the aged and the poor are to be really served, it is time that the demagogery stop. It is time that we call a halt to some of the loose and careless statements that are being made with reference to this bill.

Mr. Speaker, I am amazed at some of the careless statements that have been made about this legislation. Our action has been labeled as regressive.

However, Mr. Speaker, the bill which is now pending before us is a sound and basic bill and is one which will not inflict injustice or other penalties upon the Nation's poor.

To those who say that the benefit increases in this bill are inadequate and meager, let me say this is pure demagogery. This represents the largest increase in benefits in the history of this program. It comes only 2 years after an increase, passed in 1965, which amounted to 7 percent. Admittedly, it would be nice if we could forget about any ceiling on benefits. But anyone who states that we have not given considerable concern and support to increasing benefits, just does not know what he is talking about, and either has not read

the bill or does not understand its provisions.

Let us look at it in dollars and cents. For a full calendar year the benefit increases in dollars that will be added to the social security checks will be \$3.7 billion. This is not a niggardly amount. In just 10 months of 1968, the amount of money going to these people will be increased by \$2.9 billion, or almost \$3 billion.

Mr. Speaker, one wonders what one has to do in order to satisfy some of these people who are making these outlandish statements today.

Then, Mr. Speaker, we also have to face up to the problem of how we are going to pay for these benefits. Therefore, let us take a look at that other side.

Mr. Speaker, on a regressive tax base, we are asking the taxpayers of this country—we are asking every wage earner, every person, no matter what his dependency or financial condition may be—to pay a tax upon the first dollar he earns.

Mr. Speaker, in 1968 the bill produces \$1.5 billion of additional taxes in order to pay for these benefits. The following year, the bill produces \$5.6 billion in increased taxes in order to pay for these increased benefits.

Permit me to suggest to some of the critics that if they are concerned about the maintenance of this system, its actuarial soundness, and its capacity to meet the needs of the older people, they had better be careful that they do not so load down the system with benefits that it collapses of its own weight.

There are occasions when we must try to save the social security system—and the benefits that it provides for our older people—from those so-called friends who would wreck it by so weighting it down that the taxpayers no longer will be willing to support it.

Mr. Speaker, in my opinion this represents a reasonable compromise. I believe our people will be willing to pay the increased taxes provided for in the bill. But mark me, a day can come when if you look only at the benefit side, you will have a situation where the current workers who must pay the tax, refuse the burden such benefits impose upon them. Then the whole system is in danger. Then the older people who have become dependent upon the system will really need to worry, and then we will be doing them a disservice.

To those who would claim that we were absolutely unconcerned for our poor, and those in need of assistance, let me point out that today we are paying out \$4.5 billion under public assistance programs that are encompassed in this bill in addition to the old-age and survivors and disability and health insurance programs. On straight public assistance, the Federal Government spends \$4.5 billion—and that amount is growing.

When they talk about the plight of our dependent children—and certainly we have to do what is right by those children—let me point out that we are also doing much today, and yet some of the statements that are made would make it appear that we have just turned our backs on them.

Ten years ago in 1956 we had 646,000 families under aid to families with dependent children program involving 2.4 million recipients of aid. Today we have 1.2 million families and 5 million recipients. This program alone is costing \$2 billion.

This bill does not turn its back on these recipients of aid. What it does do in many cases is to show that we want to try to do something about their problem, and not be content merely to send them a check from Uncle Sam, or a relief check.

We insist that there be programs of rehabilitation.

We insist that there be programs so that the people who are capable of learning a trade and forming work habits, have available the training to get a job. Those people who are able to work should be given a chance to work for their self respect. That is the American system. And that is all that this bill seeks to accomplish. It does not strike one child off of the relief rolls.

When the critics talk about the bill cutting back it is just a bunch of malarkey. There are some restraints that will require the States to make the effort to get off assistance, and onto jobs. That is sound.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MILLS. Mr. Speaker, I yield 2 additional minutes to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. The whole tenor of my remarks, Mr. Speaker, is: Let us look at what the bill really does, and ignore the labels that have been cast about by people who I am fearful have not even read the bill.

Mr. JOELSON. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. No, I do not have the time to yield.

As I said, these critics have not even read the bill carefully enough to understand what is being attempted and the improvements that are made. I would suggest that these people, who call this a shameful bill and talk about unjust penalties and virtual slavery, read the bill, and they will find that this is not a case where we suggest that a person be trained, and take a job, regardless of circumstances. We say that if an individual is found to be capable of taking training and working, and, if the situation makes this possible, then that individual should try to move into a situation where he can be dependent upon himself rather than on welfare checks.

Is that not what we should all be looking for, and is that not really what these people should want? I can think of very few people who would prefer to be looking to some governmental agency for a check if they could be working.

All true Americans want to stand on their own feet and this bill looks toward making that possible.

Those who call this "slavery" have not even read the language of the bill.

In my judgment, Mr. Speaker, this is a good bill. It is a bill that will go down in history as a benchmark in the social security system.

Mr. Speaker, I hope that this Congress will support it.

Mr. MILLS. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. Urr], a member of the conference committee.

Mr. UTT. Mr. Speaker, I would like at this time to pay my respects and regards to the chairman of our committee. I share his hopes for the future and over the future of the system. But I have a greater fear than he has that this clamor that we hear on the outside about more social security, and more welfare is going to take over and destroy the entire social security system.

We have heard a great deal about the benefits being paid under this bill. But not too much attention has been given to the cost; who pays this cost and how much it is going to cost.

Under social security next year, the additional cost will be about \$2.9 billion and \$3.6 billion in 1969.

When I came to the Congress this year I promised that I would not vote for any increase in taxes, but that I would vote for a decrease in spending and try and stop in some way the cost-push inflation that is taking place in the country today.

This tax bill of \$3.6 billion is going to fall on the employer, the employee and the self-employed.

It amounts to about a 16-percent increase in his taxes and to me that is a substantial tax.

There has been much moaning and gnashing of teeth about the cost-push inflation. I will say that the bill before us today will add to that cost-push inflation. It adds to the high cost of employment.

For example, in California it costs more than \$3,000 a year of payroll tax in order to employ a \$10,000 a year man.

That is broken down as follows:

	Percent
Social security tax	4.4
Unemployment insurance	3.7
California disability insurance	1.0
Federal employers' excise tax	1.0
Group insurance	3.87
Pension plan for employees	4.91
Employees' vacation fund	3.23
Apprentice fund	1.0
Workman's compensation	8.46
Public comprehensive insurance	1.7
Total payroll	31.84

So when he employs a man at \$10,000 a year, he has to not only have that \$10,000 a year, but he has to have \$3,000 to pay the payroll taxes—and social security is a part of this and will add to it again.

Mr. Speaker, at this point I ask unanimous consent to have a letter from Walter Dewhurst setting out the payroll deductions which he has to make, printed in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The letter is as follows:

DEWHURST & ASSOCIATES,
La Jolla, Calif., February 1, 1967.

HON. JAMES B. UTT,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: It will be your duty to study, debate, and vote on many issues of national importance during the coming year. One of them will no doubt be the proposal to further increase social security—both as to benefits and costs.

The very responsible publication—U.S. News and World Report asks—is social secu-

rity to get out of hand? I have enclosed a copy of their article for you use.

Unfortunately, the article clearly implies that our social security costs are considerably less than other countries listed—in fact it states that we are only beginners in the field. Nothing can be farther from the truth.

Let me give you an example.

As a general contractor in California the following items of social security must by law be paid to the respective agencies.

	Percent
Federal Insurance Contributions Act.....	4.4
California unemployment insurance.....	3.7
California disability insurance.....	1.0
Federal employers excise tax.....	1.0
Employees group insurance—Health, 18¢ per hour.....	3.87
Employees pension trust 25¢ per hour.....	4.91
Employees vacation trust 15¢ per hour.....	3.23
Employees apprentice fund trust ½¢ per hour.....	.10
Workmans compensation.....	8.46
Comp public.....	1.17
Total (does not include tax on employees).....	31.84

Obviously these figures will vary from industry to industry and state to state but when social security costs are considered please keep the entire picture in mind.

Best regards.

WALTER DEWHURST.

Mr. UTT. Mr. Speaker, I signed the conference report because I think we did the very best we could between the House bill and the Senate bill. About 90 percent of the conference report is the House bill. I think that we improved it considerably, with one exception. We added about \$200 million a year more in cost to it. While I signed the report, I am going to offer a motion to recommit to the conference committee in order to bring the bill back in compliance completely with the House-passed bill.

I know the bill will be passed, but I just feel that we are looking down the road to complete socialization, to the complete nationalization of medicine. I predict that within 30 years from today medicare, medicaid, hospitalization, doctors, nurses, and the pharmaceutical industry will be nationalized 100 percent and will be under the control of the Government. That will be because of the pressure we are seeing on the outside today by those people who want more than they are getting under social security. It will come from the people under 65—and I do not blame them—who do not get medicare from the Government, who do not get the benefits that older people get. Yet they have to put up their own money to pay their bills. They will demand more and more and more. The result will be that we will nationalize the medical business, the hospitals, and the doctors. This will result in a decrease in the quality and quantity of medicine, now so available under the free enterprise system.

Mr. BUSH. Mr. Speaker, I would like to compliment the members of the conference committee on the excellent job they did under extremely difficult conditions.

Most of the criticism of this bill fails to take into account the overwhelming statistics regarding the AFDC recipients. There are communities in my own State of Texas with families on their third generation of welfare. This cycle of pov-

erty has to be stopped without placing undue burdens on the working man. This program does this through the use of job training incentives. If the States, and I am sure they will, will utilize the training provisions of this report, they will be able to drastically reduce the size of the AFDC rolls.

Somebody has to stand up for the man who is working for a living, trying to educate his children and trying to feed them as costs rise out of sight. The Ways and Means Committee kept this problem in mind and tried to put meaningful ceilings on some of the welfare programs—tried to reduce in the next generation the size of the AFDC rolls. And yet it was done without wantonly or cruelly slicing people from the rolls.

This report contains the largest benefits increase in history. It provides many built in incentives to encourage people to go out and get jobs. This is not cruel legislation, it is meaningful legislation designed to protect the unrepresented American who is out working for a living from a continuing increase in his social security taxes. It helps the poor, yet it protects the integrity of the system itself.

And lastly, this bill at least tries to recognize the plight of the forgotten man—the young man with a family. Some day this young man will rebel against a system which makes the benefits unrelated to wages. At least he has some hope from this bill. At least it does not raid the treasury for extensive general revenue financing—and the benefits are more wage related than under the administration bill.

I strongly support this report. All of us would like to do more, but legislation like this must be considered with reference to the overall tax burden.

Mr. MILLS. Mr. Speaker, I yield the remainder of the time to the distinguished gentleman from Louisiana [Mr. BOGGS].

The SPEAKER pro tempore. The gentleman from Louisiana is recognized for 14 minutes.

Mr. BOGGS. Mr. Speaker, in my judgment this bill represents probably the most diligent effort that Congress has made since the inception of the social security program to bring the program up to date and to provide for our people who are dependent upon that system.

Let me first tell you some of the things that this bill does, some of the benefits that are provided in the bill, and let me spell them out so that everyone can understand them.

In the first place, the additional monthly benefits for a man and his wife are increased from \$145 to \$165. The minimum benefit is raised from \$44 to \$55 a month. The maximum benefit is increased for a single worker from \$168 to \$189.90 a month. In terms of dollars, as the distinguished gentleman from Wisconsin, the ranking minority member, pointed out, in a full year of operation it means \$3,700,000,000 to the social security beneficiaries of this country. That is an enormous increase in benefits.

Let me spell out to you what the previous dollar increases in cash benefits have been. The 1950 amendments amounted to \$1 billion per annum.

In 1954, it was \$1.1 billion per annum; in 1958, it was the same amount; in 1965, it was \$1.6 billion per annum; in this bill, it is \$3.7 billion in a full year of operation.

At the same time we have kept this system, as the distinguished chairman of the Ways and Means Committee pointed out, actuarially sound, which I think every thoughtful American understands and appreciates.

That is not all. Let me tell about some of the other new provisions in the bill that have not been discussed here today.

The retirement test, by which many people have their benefits reduced after they reach age 65, has been liberalized to such an extent that 760,000 people not now participating will be able to participate at a total cost of about \$175 million a year.

We have established a new category for disabled widows. Heretofore a disabled widow would not qualify as a result of her disability. Today she can qualify under this bill at age 50.

We have increased credits for people serving in the armed services. So this is brand new in this act. A serviceman will get credit for service pay as payment which can be calculated in establishing his benefits when he reaches retirement age.

In the case of hospital insurance, or medicare, we have tremendously improved this legislation. For instance, we have given a 60-day lifetime reserve for those who have exhausted their hospital care under the basic 90-day period. We have made it easier to process doctors' bills. We have provided a system to expedite payment of hospital bills without unnecessary redtape, and we have provided for payment in the case of non-participating hospitals, under certain conditions.

Finally, let me point out that in the welfare provisions that have been subjected to a certain amount of criticism here, nevertheless in fiscal year 1968, we provide \$265 million in new benefits that are not now provided for in the law.

Let me also point out that in the matter of the work-training program mentioned heretofore by the chairman, it is estimated that 750,000 people not now employed will be trained by 1972. They are 750,000 people who are not now gainfully employed and who, in the terms used by the President some years ago, are tax eaters and not taxpayers. In my opinion these people want the chance to earn their own way in jobs of their own choosing.

Mrs. GRIFFITHS. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Michigan.

Mrs. GRIFFITHS. Mr. Speaker, I would like to say to the distinguished gentleman, as the only woman who ever had a right on the floor to offer an amendment to the welfare provisions of the social security bill, I wholeheartedly support the welfare amendments in the House. I congratulate the conferees for retaining the House version.

I would like to point out that we are doing no woman a favor if we say to her, "You have to stay home. You can never be delivered." This is not a favor to any-

one, and it is an immoral thing to say to her, "You can leave the father of your children and the rest of us will support them." Or that she can stay home without working and the rest of us will support her. We do her a favor when we permit her to support herself or her children and give her a chance at a job and some training.

Mr. BOGGS. Mr. Speaker, I thank the gentleman. I am sure all Members of this body realize what a dedicated Congresswoman the gentleman from Michigan is, and she is expressing the sentiment of all our citizens. I just do not believe that anyone who is able wants to do nothing all of his or her life. I think most people want an opportunity for gainful employment.

That is what this bill seeks to do.

Let me point out one or two other things I think are very important about the ceiling which has been the subject of a considerable amount of criticism. That ceiling applies only in one category of children. That is only where the father or the man in the home is absent. It does not apply where the father is dead—which covers a great many children. It does not apply where the father is disabled. Nor does it apply when the children are still in school, all the way through age 22.

In addition to that, and equally important, it is a flexible ceiling. It does not mean that, come January 1, 1968, a given number will be arrived at, and that number will be permanent from then on. Quite the contrary. It grows as the child population grows.

It is used as a base for a flexible ceiling.

Finally, let me say this on this subject: We have amended this law whenever it has been required. The idea that anyone could say, in light of the benefits I have spelled out—\$3½ billion in social security benefits, \$258 million in new welfare benefits in 1968 alone, new hospital programs and so on—the idea that anyone could say this legislation is regressive merely means that he has not studied the legislation.

I sat through this conference from beginning to end. I sat there because I felt there was no bill any more important. I participated in the conference discussions on these amendments.

In my judgment, this is the best bill that we can possibly get.

If we have made mistakes—to err is human—but if we have made mistakes we will come back and to the best of our ability we will correct them. Everyone knows that.

Mr. BURTON of California. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I am happy to yield.

Mr. BURTON of California. Is it the gentleman's understanding that the aged, the blind, the disabled who draw public assistance can receive up to \$7.50 if their States act, whether or not they have outside income?

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. Yes; if they are on welfare and receive a social security payment, the

State may elect to let \$7.50 of the increase pass through.

Mr. BURTON of California. If they do not have outside income—and about half of those adults do not have outside income—what situation will they be in under this bill?

Mr. MILLS. If the gentleman will yield further, that is determined entirely on the basis of whether they have income. The State has to adjust. That is not in all cases only social security but it could be some other type of income. The State has to adjust the needs upward for this payment, if it makes this election, so that they would have this \$7.50.

Mr. BURTON of California. What about the million and a half or so aged, blind, and disabled with no social security or railroad retirement, and no other kind of outside income at all? My question is: Does this bill provide any mechanism, directly or indirectly, for any benefit increase to those million and a half Americans who by definition are in economic need?

Mr. MILLS. Mr. Speaker, will the gentleman yield further?

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. There is nothing in this bill to directly help in that situation because there is nothing in the bill that increases in any way the amount of the Federal contribution directly to people on welfare. Let me comment further.

I think I may have misunderstood one of the gentleman's earlier questions. The Senate amendment had been explained by the Department as a "pass-along" provision, which would indicate that it would have been applicable only to social security recipients and we were informed that no additional Federal funds would have been involved under the Senate provision. I must agree with the gentleman in his interpretation that the Senate provision literally would have applied to welfare recipients without regard to whether they are social security recipients. In this matter he is correct. I would like for my previous statement to stand corrected in that regard. I know the gentleman has studied this provision of the bill in great detail.

Mr. BURTON of California. I thank the gentleman, because that is the point I tried awkwardly to make earlier. Apparently now the record is correct in that respect.

There will be one and a half million aged, blind and disabled needy people under public assistance laws that under no circumstances can get 1 cent as a result of passage of this bill.

Mr. BOGGS. Mr. Speaker, I yield further to the chairman of the committee.

Mr. MILLS. However, this does not present the whole picture, since under the bill there are significant savings in the welfare programs which the States can use to increase the payments to these very people, if they so choose. Also, we must remember the entire context of this bill.

Mr. BOGGS. It was not in conference, was it?

Mr. BURTON of California. The matter was in conference.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I believe the gentleman is losing sight of the fact that there is nothing to prevent the States from giving these increases. This all goes to the States, and the Federal Government matches on a State-matching formula. Some of the States, where the Federal Government matches by 83 percent, might provide for this, and the Federal Government will have to match any dollar increase by 83 cents on every dollar.

Mr. BURTON of California. As I understood it, the Senate version required passing on to social security beneficiaries, and required that non-social-security beneficiaries would also receive certain benefits.

Mr. BOGGS. I will yield to the gentleman from New Jersey.

Mr. JOELSON. I would like to ask what about the institutions and agencies in New Jersey who said the freeze will be catastrophic?

Mr. BOGGS. I just answered that question. I said that the so-called freeze applies to only one category of children. I further said that if problems arise in its application the committee will resolve them as soon as possible.

Now, Mr. Speaker, I yield to the gentleman from Florida [Mr. PEPPER].

Mr. PEPPER. On page 284 it says "provide for aid to families with dependent children in the form of foster care." The States are required to provide it?

Mr. BOGGS. Yes.

Mr. PEPPER. What assurance have we that the States may be induced to do so?

Mr. BOGGS. If they do not do it, they lose whatever funds they are entitled to under that program.

Mr. PEPPER. I thank the gentleman.

Mr. BOGGS. This has been a well-considered and well-thought-out bill. It has taken the combined efforts of the two committees, and the conferees worked long, hard, and diligently. As all of us know, we are driving toward adjournment of this first session of the 90th Congress. In my judgment, this will be the last vote we have on this bill. I just want to emphasize—and I think I can say this without fear of contradiction—that if we do not adopt this conference report now and if the other body insists on disagreeing to it, it simply means that the 25 million Americans entitled to an increase will not get it. That is what is involved in this vote today.

I hope that rather than try to build up threats that do not exist, we will recognize that this is the most comprehensive social security bill we have ever had before Congress and will vote it up, and we will understand that if any other course of action is taken, these benefits will not be made available to the American people as called for in this legislation.

Mr. MILLS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

MOTION TO RECOMMIT

Mr. UTT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. UTT. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. UTT moves to recommit the conference report on the bill (H.R. 12080) to the committee of conference with instructions to the managers on the part of the House to insist on the language of sections 101 and 108 of the House-passed bill which provides a 12½-percent benefit increase, a minimum primary insurance amount of \$50, and an annual contribution and benefit base of \$7,600.

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

Mr. BURKE of Massachusetts. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BURKE of Massachusetts. Does the motion of the gentleman from California include the restrictive amendments applied to the AFDC?

The SPEAKER pro tempore. The Chair cannot answer that.

Mr. BURKE of Massachusetts. May I ask the gentleman from California to explain his motion?

The SPEAKER pro tempore. Without objection, the Clerk will reread the motion to recommit.

There was no objection.

The Clerk reread the motion to recommit.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the conference report.

Mr. MILLS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 390, nays 3, answered "present" 1, not voting 38, as follows:

[Roll No. 439]

YEAS—390

Abernethy	Boggs	Cederberg
Adair	Boland	Chamberlain
Adams	Boiton	Clancy
Addabbo	Bow	Clark
Albert	Brademas	Clausen,
Anderson, Ill.	Brasco	Don H.
Anderson,	Bray	Clawson, Del
Tenn.	Brinkley	Cleveland
Andrews, Ala.	Brock	Conelan
Andrews,	Brooks	Colmer
N. Dak.	Brotzman	Conable
Arends	Brown, Calif.	Coute
Ashbrook	Brown, Mich.	Conyers
Ashley	Brown, Ohio	Corbett
Ashmore	Broyhill, N.C.	Corman
Aspinall	Broyhill, Va.	Cowger
Ayres	Buchanan	Cramer
Baring	Burke, Fla.	Culver
Barrett	Burleson	Cunningham
Battin	Burton, Calif.	Curtis
Belcher	Burton, Utah	Daddario
Bell	Bush	Daniels
Berry	Button	Davis, Ga.
Betts	Byrne, Pa.	Davis, Wis.
Bevill	Byrnes, Wis.	de la Garza
Blester	Cabell	Delaney
Bingham	Cahill	Dellenback
Blackburn	Carey	Denney
Blanton	Carter	Dent
Blatnik	Casey	Derwinski

Devine	Kazen	Reid, Ill.
Dingell	Kee	Reid, N.Y.
Dole	Keith	Reifel
Donohue	Kelly	Reuss
Dorn	King, Calif.	Rhodes, Ariz.
Dow	Kirwan	Rhodes, Pa.
Dowdy	Kleppe	Riegle
Downing	Kluczynski	Rivers
Dulski	Kornegay	Roberts
Duncan	Kupferman	Robison
Dwyer	Kyl	Rodino
Eckhardt	Kyros	Rogers, Colo.
Edmondson	Laird	Rogers, Fla.
Edwards, Ala.	Landrum	Ronan
Edwards, Calif.	Langen	Rooney, N.Y.
Edwards, La.	Latta	Rooney, Pa.
Eilberg	Leggett	Rosenthal
Erlenborn	Lennon	Rostenkowski
Esch	Lipscomb	Roth
Eshleman	Lloyd	Roudebush
Evans, Colo.	Long, La.	Roush
Everett	Long, Md.	Roybal
Evins, Tenn.	McCarthy	Rumsfeld
Fallon	McClary	Ruppe
Farbstein	McClure	Ryan
Fascell	McCulloch	St Germain
Feighan	McDade	Sandman
Findley	McDonald,	Satterfield
Fino	Mich.	Saylor
Fisher	McEwen	Schadeberg
Flood	McFall	Scherle
Flynt	McMillan	Scheuer
Foley	MacGregor	Schneebell
Ford, Gerald R.	Machen	Schweiker
Ford,	Madden	Schwengel
William D.	Mahon	Selden
Fraser	Mailliard	Shipley
Frelinghuysen	Marsh	Shriver
Friedel	Mathias, Calif.	Skubitz
Fulton, Pa.	Matsunaga	Slack
Fulton, Tenn.	May	Smith, Calif.
Fuqua	Mayne	Smith, Iowa
Gallifanakis	Meeds	Smith, N.Y.
Gallagher	Meskill	Smith, Okla.
Gardner	Michel	Snyder
Garmatz	Miller, Calif.	Springer
Gathings	Miller, Ohio	Stafford
Gettys	Mills	Staggers
Gialmo	Minish	Stanton
Gibbons	Mink	Steed
Gilbert	Minshall	Steiger, Ariz.
Goodell	Mize	Steiger, Wis.
Goodling	Monagan	Stephens
Gray	Montgomery	Stubblefield
Green, Pa.	Moore	Stuckey
Griffiths	Moorhead	Sullivan
Gross	Morgan	Taft
Grover	Morris, N. Mex.	Taylor
Gubser	Morse, Mass.	Teague, Calif.
Gude	Morton	Teague, Tex.
Gurney	Mosher	Tenzer
Hagan	Moss	Thompson, Ga.
Haley	Multer	Thompson, N.J.
Hall	Murphy, III.	Thomson, Wis.
Halpern	Murphy, N.Y.	Tiernan
Hamilton	Myers	Tuck
Hammer-	Natcher	Tunney
schmidt	Nedzi	Udall
Hanley	Nelsen	Ullman
Hanna	Nichols	Van Deerlin
Hansen, Wash.	Nix	Vander Jagt
Harvey	O'Hara, Ill.	Vanik
Hathaway	O'Hara, Mich.	Vigorito
Hawkins	O'Konski	Waggonner
Hays	Olsen	Waldie
Hechler, W. Va.	O'Neal, Ga.	Walker
Heckler, Mass.	O'Neill, Mass.	Wampler
Helstoski	Ottinger	Watkins
Henderson	Passman	Watts
Herlong	Patman	Whalen
Hicks	Patten	Whalley
Holfield	Pelly	White
Holland	Pepper	Whitener
Horton	Perkins	Whitten
Howard	Pettis	Widnall
Hull	Philbin	Wiggins
Hungate	Pickle	Williams, Pa.
Hunt	Pike	Wilson, Bob
Hutchinson	Pirnie	Wilson,
Ichord	Poage	Charles H.
Irwin	Poff	Winn
Jacobs	Pollock	Wolf
Jarman	Pool	Wright
Joelson	Price, Ill.	Wyatt
Johnson, Calif.	Price, Tex.	Wyder
Johnson, Pa.	Pryor	Wyllie
Jonas	Pucinski	Wyman
Jones, Ala.	Quie	Yates
Jones, Mo.	Quillen	Zablocki
Jones, N.C.	Railsback	Zion
Karsten	Randall	Zwach
Karth	Rarick	
Kastenmeller	Rees	

NAYS—3

Bennett Burke, Mass. Utt

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—38

Abbitt	Hansen, Idaho	Purcell
Annunzio	Hardy	Reinecke
Bates	Harrison	Resnick
Bolling	Harsha	St. Onge
Broomfield	Hébert	Scott
Celler	Hosmer	Sikes
Collier	King, N.Y.	Sisk
Dawson	Kuykendall	Stratton
Dickinson	Lukens	Talcott
Diggs	Macdonald,	Watson
Fountain	Mass.	Willis
Green, Oreg.	Martin	Williams, Miss.
Halleck	Mathias, Md.	Young

So the conference report was agreed to. The Clerk announced the following pairs:

Mr. Hébert with Mr. Halleck.
Mr. Annunzio with Mr. Bates.
Mr. St. Onge with Mr. King of New York.
Mr. Celler with Mr. Mathias of Maryland.
Mr. Fountain with Mr. Broomfield.
Mr. Stratton with Mr. Hosmer.
Mr. Resnick with Mr. Diggs.
Mr. Hardy with Mr. Martin.
Mr. Willis with Mr. Lukens.
Mr. Abbitt with Mr. Collier.
Mr. Young with Mr. Talcott.
Mr. Macdonald of Massachusetts with Mr. Reinecke.
Mr. Sikes with Mr. Harrison.
Mr. Purcell with Mr. Dickinson.
Mr. Charles H. Wilson with Mr. Hansen of Idaho.
Mr. Sisk with Mr. Scott.
Mrs. Green of Oregon with Mr. Kuykendall.
Mr. Sandman with Mr. Watson.
Mr. Dawson with Mr. Harsha.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those Members who participated in the debate on the conference report may be permitted to revise and extend their remarks and include extraneous matter.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those Members desiring to do so may have 5 legislative days within which to extend their remarks on the conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

PERSONAL ANNOUNCEMENT

Mr. HANSEN of Idaho. Mr. Speaker, I was unavoidably absent when the vote was taken on the conference report on H.R. 12080, the Social Security Amendments of 1967. Had I been present, I would have voted "yea."

THE SOCIAL SECURITY BILL

(Mr. FEIGHAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Speaker, when the conference report on the social security bill was adopted by a rollcall vote of 390 to 3 on Wednesday, I voted for its adoption because I felt that it is imperative that the benefit increase it contains must be made available to the 24 million Americans on the social security rolls without further delay.

I must confess that I cast my vote in support of the conference report although I was dissatisfied with a number of the bill's provisions. At this stage of the legislation, however, I felt that I could do nothing more than support the conference report because to vote against it might well have jeopardized the possibility of any benefit increase being enacted during this Congress.

Mr. Speaker, I was dissatisfied with a number of features of the bill, not the least of those is the benefit increase. The Senate had adopted a 15-percent across-the-board increase in benefits and raised the minimum benefit from the present \$44 a month to \$70 a month. The conference report provides only a 13-percent increase and increases the minimum to \$55, much more in line with the provisions of the House bill which raised benefits 12½ percent and increased the minimum to \$50.

In addition to the benefit increase, I am also troubled by some of the bill's provisions amending the public assistance programs.

I am concerned over the way the bill's provision freezing the proportion of AFDC children on the rolls in a State will work. The Department of Health, Education, and Welfare furnished estimates indicating that this provision will not result in reducing Federal expenditures in the years ahead, thus indicating that it will not require any reductions in the number of recipients on the rolls. I do not believe that the Department's estimates take into account the problems which could arise in many urban areas which are experiencing an in-migration of people from rural areas, a higher than average proportion of whom apply for welfare assistance.

I am also concerned over the bill's provisions shifting the administration of work and training programs for AFDC recipients from welfare agencies to employment security agencies. The latter agencies have little or no experience in handling the special problems of welfare recipients. Experience gained under community work and training programs previously established under title IV of the Social Security Act demonstrates that the local welfare agencies are capable of conducting such programs when given the proper tools to carry them out.

I am sure that the Congress will keep a watchful eye on the results obtained under these provisions of the bill and that at the first sign of something going wrong with their operation, which I sincerely hope will not occur, the necessary legislative steps to correct what may be present errors will be taken.

Mr. Speaker, I have introduced a number of bills to extend social security benefits in the present Congress. These include proposals to provide a minimum benefit of \$100 a month to workers with 25 years of social security credits; an increase in the earnings limitation to \$2400 a year; full benefits at age 62 for men and 60 for women; and providing disability benefits for blind persons who have at least six quarters of coverage. It is my hope that the Committee on Ways and Means will give serious consideration to these proposals when it next turns its attention to social security matters.

OPPOSITION TO CONFERENCE
REPORT ON H.R. 12080

(Mr. THOMPSON of New Jersey (at the request of Mr. CONYERS) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. THOMPSON of New Jersey. Mr. Speaker, I rise in opposition to the conference report on H.R. 12080. I voted for H.R. 12080 when it was before this House. I did so because I strongly believe that increased social security benefits are necessary to provide older Americans with the means to live in dignity. I voted for H.R. 12080 even though I strongly opposed the public welfare provisions. I assumed the conference committee would eliminate or ease these objectionable provisions. But I was wrong. The conference report before us incorporates an approach to public welfare which bespeaks the Middle Ages rather than our own day. As a result, I cannot in conscience support the conference report.

I am mindful that those receiving social security are counting on the increased benefits which this bill provides. But as the Members know, the increased benefits are not scheduled to appear in social security checks until March of next year. That being the case, we have ample time to rectify the mischief contained in this bill. I would urge the House to reject this conference report and to enact a bill which will insure that increased benefits begin in March. We can then reconsider the welfare provisions.

As the Members know, the language of the conference report freezes the percentage of children eligible for Federal assistance under the aid-to-dependent-children program at the level of January 1968. Such action would have a devastating effect upon New Jersey and many other States. New Jersey has the third highest immigration rate in the Nation. The freeze contemplated in the conference report would mean that our State, county, and municipal governments would have to raise additional revenue to compensate for loss of Federal funds.

This morning I received a telegram from Commissioner McCorkle of our State department of institutions and agencies. He opposes the conference report because of the adverse effect it will have upon New Jersey.

Mr. Speaker, I would be the last person to minimize the beneficial effects of gainful work. I wholeheartedly support any effort designed to get people off welfare rolls and on payrolls. But the conference report in requiring that all recipients of ADC assistance work makes no exception for mothers with young children. There is no language to mitigate their situation. If we drive these mothers from their homes to enter other homes as domestics, who will care for their children? This conference report as it now stands can have no other effect than that of contributing to disintegration of family life among the poor with all the evils that this brings in its train.

Mr. Speaker, our elderly citizens are anxiously awaiting the increased benefits that we have promised them. But I cannot believe that they wish to receive them at the expense of misery inflicted on others. I urge my colleagues to reject this conference report.

The telegram referred to follows:

TRENTON, N.J.,
December 12, 1967.

Hon. FRANK THOMPSON, Jr.,
House of Representatives,
Washington, D.C.:

New social security legislation, H.R. 12080, as reported out of Senate-House conference contains provision freezing Federal participation in aid to families of dependent children program. If adopted this can be catastrophic for New Jersey, particularly our urban centers. New Jersey will suffer because: (1) It is nationally recognized that the number of welfare recipients has been maintained at a low level in New Jersey, and (2) New Jersey has the third highest rate of immigration in the Nation. Freeze on Federal participation would place the entire cost of increased loads on State, county, and municipal governments.

LLOYD W. MCCORKLE,
Commissioner, Department of Institutions and Agencies, State of New Jersey.

to in conference and which was adopted by this body yesterday.

I look upon this legislation as not being adequate to meet the needs of our citizens. When originally voting in favor of this legislation, it was anticipated that it would subsequently be improved upon—that the House bill would be considered as a base upon which to build. Though some improvement was realized in the Senate version, the conferees failed to come forth with the necessary legislation.

Of particular note is the amendment pertaining to welfare programs aiding families with dependent children. As reported by the conferees and adopted yesterday, aid to dependent children is to be frozen at levels of January 1, that is, the Federal Government will pay its share of the Federal-State welfare program only at the level of recipients set as of January 1, 1968. Persons going on the aid for families with dependent children rolls above that level will only receive State and local assistance. In other words, the Federal Government is turning its back on all those families and children who would become eligible for assistance after January 1, 1968, under existing eligibility regulations.

I would like to remind my colleagues that this Nation, which is the wealthiest in the world, uses less of its national wealth for the social welfare of its citizens than other advanced industrial nations and frequently less than many poor and developing nations. While West Germany and Luxembourg use approximately 17 percent of their gross national product for social welfare measures, the United States uses only 7 percent.

We have little to rejoice about concerning the legislation passed by this body yesterday. Yes, it is an improvement in some areas—which prompted my “yea” vote—but it still leaves much to be desired. Let us now address ourselves to the legislative task that remains ahead if we are to fulfill our obligation to the senior and less fortunate citizens of this Nation.

Social Security Amendments of 1967

SPEECH

OF

HON. FERNAND J. ST GERMAIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 13, 1967

Mr. ST GERMAIN. Mr. Speaker, one of the disgraceful paradoxes of this Nation is its unparalleled ability to care for its senior and less fortunate citizens, yet its failure to do so.

Perhaps the most vivid manifestation of this is the social security bill agreed

**Social Security Amendments of 1967
(H.R. 12080)**

**SPEECH
OF**

HON. LEONARD FARBSTAIN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 13, 1967

Mr. FARBSTAIN. Mr. Speaker, I was among those who voted in favor of the Social Security Amendments of 1967 when it appeared on the floor some months ago. At that time, however, I expressed my severe reservations about several of the provisions of that legislation. At the time, I was particularly aggrieved that the rule under which the bill was considered did not permit a separate vote on each of its many provisions. My colleagues and I did not have the opportunity to pass in detail on the work that the committee, in this measure, submitted to us. Nonetheless, I supported the bill. I reasoned that the objectionable provisions might very well be eliminated in conference, since it was well known at the time that the majority of the Senate was opposed to them. I judged that, on the whole, the bill would be beneficial to the American people.

We now have the conference report before us and I regret to say that the objectionable provisions are still present in the bill. We did not have a chance to vote on them then. We are not getting a chance to vote on them now. Mr. Speaker, I would like to protest vigorously a procedure which allows major policy to pass this House without its Members ever getting a chance to express their judgment on it. I will not say that this bill was railroaded into law. I recognize that the Committee on Ways and Means gave it careful consideration.

But the committee is not the House and has no authority to legislate for the House. Certainly the Senate had no less right to have these provisions eliminated, yet the committee, speaking for itself rather than for the House as a body, insisted that they be retained. With all due respect for the leadership of the committee, Mr. Speaker, I do not feel that the presence of this bill, in the form that it is before us today, represents a victory for parliamentary democracy.

The two provisions to which I take most vigorous exception are those which would penalize my State and my city chiefly, but would also handicap industrial areas generally. In other words, these provisions are highly biased in their intent. They represent anti-urban discrimination.

The first of these provisions would put a ceiling on the amount of AFDC assistance a State can receive. It would limit the number of eligible applicants for which a State can receive Federal backing to the number currently on the rolls. In other words, if one more eligible recipient comes into New York, by birth or migration, no funds will be granted for this recipient's care. We all know, Mr. Speaker, that New York and other progressive States have become and will continue to serve as a magnet for the dispossessed, the underprivileged, the unfortunate of what, if I may be candid, can only be called the "backward" States. These States send their surplus bodies, in effect, to New York and the other great industrial cities. We in New York try to offer these people opportunity. Sometimes we are not successful, but we try. When we cannot give them jobs, we sometimes have to offer them welfare, to keep them—and by "them" I mean little children more often than able-bodied men—alive. This provision will have no impact whatever on State that have a net out-migration of poor people. It will only hurt the States to which people migrate, States which are doing their best to deal with the Nation's economic problems. It is a cruel provision, because it tells us in New York, in arbitrary and peremptory fashion, that we cannot receive any more help in keeping these children alive.

The other provision puts new limitations on the administration of the so-called medicaid program, which New York has put into effect to assure adequate medical treatment to the poor. Authorized by Federal law, New York has sought to make a reality of our society's promise that no one will be sick for lack of medical care. This bill forces New York, the most conscientious of States, to back away from this commitment. New York must do so because the Federal Government, under this legislation, is reneging on the bargain it made when the law was originally passed. Ironically, the wording of this provision penalizes most severely those persons who are trying hardest to support themselves but remain on the margin of the subsistence point in their incomes. I consider this provision reprehensible, both in practice and principle.

I would like to add further that I disapprove of the provision that will force

some mothers to accept job training in return for welfare assistance for their children. On the face of it, I approve of a provision to make constructive workers out of welfare recipients. But a moment's reflection reveals that this provision can force mothers to leave their children—often at the cost of furnishing a babysitter or leaving them inadequately tended—to take their training. This provision is unrealistic. Of course, job training is important. But I object to any plan which will drag mothers away from their children, when they are the only ones who should be caring for them. I protest a bill which will break up the mother-child relationship the way this one does.

I will vote to support the bill, because I continue to think that the general improvements in social security benefits to the 25 million social security recipients justify my vote. But, Mr. Speaker, I think the principle of "two steps forward—one step backward" is a poor one for legislation. I do not think this is one of the better days of this great body.

"freeze" on funds accepted in the conference report represents a very harsh measure to achieve economy. It is beyond the control of the States to reduce the number of broken families or the number of dependent children. The number of these homes has been on the increase for several years, yet, despite this fact, it is now proposed to limit the number of one-parent children on AFDC to their proportion of a State's child population on January 1, 1968.

Such action surely will create havoc in poverty stricken areas. What will happen when applications are made? What will happen to the newborn child? Is he to be disqualified because of his birth? What will happen to newcomers who enter a State during the year. Do they qualify? Must sudden increases in population wait for the next years formula date before equitable adjustments are made? Where will States get funds in the meantime to care for these people?

The answers are that the burdens will be shifted to the States. Yet it was because the States were unable to meet the earlier burdens of assisting these children that the Federal Government offered its help. Now the States and localities who can least afford it will be asked to bear these burdens. States with well-developed programs will be penalized for their efforts. The poorer States will be forced to reduce their payments and develop more restrictive attitudes toward applicants.

Equally onerous are those provisions which would force a mother to leave her children and to participate in community work or training. As if their plight and hopelessness were not sufficient, the tenuous base necessary to their survival may be withdrawn should mothers fail to meet the standards of the strong, the healthy, and the educated. Many mothers so situated want to work if they can, and many do. But many cannot, and in most cases it is not because they are lazy or unwilling.

They are untrained and unskilled. They must take care of their children. I favor work training programs which will offer them the opportunity to be self-supporting, which most of them want, but they should be voluntary, not compulsory. Requiring them to participate in training or work programs, as this bill does no matter how worthy the purposes—can only spark their anger and resentment. It is no way to nurture self-respect. The costs of welfare will not be reduced since the expense of institutional care for the children may very well exceed the costs of present welfare payments.

Nor will the withdrawal of assistance to those children whose mothers refuse to participate reduce costs for the community. It only means that someone else must accept responsibility and pay the bill if these children are not to go hungry.

Using the language of "rehabilitation" and "training," this legislation may very well be sacrificing the best interests of the mother, the child, and the community. I hope the effects of the experiment will not be as disastrous as many predict.

Social Security Amendments of 1967

SPEECH
OF

HON. SIDNEY R. YATES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 13, 1967

Mr. YATES. Mr. Speaker, I shall vote for this conference report with mixed feelings. I strongly favor the increase in social security benefits. Our older citizens desperately need the additional money this bill makes available to make ends meet in this time of rising prices. Inflation lays its cruel weight most heavily upon those who must live on fixed incomes, the pensioners who have only their retirement income to depend upon to sustain themselves. I have always voted for increases in benefits, for I believe social security benefits must be maintained at an adequate level to provide a decent standard of living for the millions of people who must depend upon it during their later years. The amount recommended in this bill is only a minimum amount at best. I would have preferred to accept the amount recommended in the Senate bill.

I wish that a separate vote were possible on the new restrictions in the bill, but here as was the case when the bill first came to the floor, Members must vote "yea" or "nay" on the whole bill. No amendments are possible. The

As I pointed out last August, I have always been a strong supporter of the extension and improvement of our social security program in order to provide financial security and medical care for our older citizens.

I voted for the conference report on the social security amendments because I feel an increase in benefits is essential and long overdue. I regret the increase was not larger, particularly for those receiving the smallest payments, since it is obvious no one can live on \$55 a month. However, I do believe this legislation will provide a chance for many of our senior citizens to more than catch up with increases in the cost-of-living which have taken place since the last social security increase in 1965 and I will continue to work for further liberalization of our social security system in the future.

I am greatly disturbed that the restrictive welfare provisions approved by the House last summer have been only slightly modified by the conference committee. I was quite disappointed that the conferees recommended a freeze on the proportion of children in each State who could qualify for federally supported aid-to-dependent children payments. This and the section encouraging State and local welfare agencies to pressure mothers of dependent children to leave home and to go work are really antiwelfare provisions.

Although these provisions constitute a misguided effort to reduce illegitimacy and cut welfare costs, their real effect will be to penalize innocent children and contribute to a further breakdown in the family life of those on welfare.

Unfortunately, this conference report came before the House and Senate so late in this session of Congress that it is impossible to seek a change in the anti-welfare provision without jeopardizing the social security benefits increase and, consequently, I felt it necessary to support this measure.

**Social Security Amendments of 1967—
Conference Report**

**EXTENSION OF REMARKS
OF**

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, December 15, 1967

Mr. KASTENMEIER. Mr. Speaker, I would like to take this opportunity to comment on the conference report on the Social Security Amendments of 1967, H.R. 12080.

SOCIAL SECURITY AMENDMENTS OF
1967—CONFERENCE REPORT

Mr. HARTKE. Mr. President, I wish to speak briefly with respect to the conference report on the Social Security Amendments of 1967.

The PRESIDING OFFICER. How much time does the Senator yield?

Mr. HARTKE. I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. HARTKE. Mr. President, undoubtedly, this conference report is absolutely unsatisfactory as far as a majority of the people are concerned, although it is true there are some increases in social security benefits.

This bill basically is in two sections, one section dealing with social security benefits, and the other section dealing with welfare provisions.

If one examines the conference report it will be found that in each case, instead of extending the benefits, it has imposed severe restrictions for most of the unfortunate people in America.

Here we are trying to alleviate some of the difficulties of those who are less fortunate in this world, but the net effect of this conference report is to put into law items which have been rejected since 1930, creating a situation in the field of welfare where no longer are we helping those people who are unable to take care of themselves in an effort to eliminate the poor.

There are some increases in benefits but even in those instances the language is so worded and restrictive that the net effect is to increase benefits on social security, but taking them with the other hand out of welfare benefits. The benefits to those people are none whatsoever. The only thing the bill will do will be to make it necessary to increase real estate taxes in practically every State in the Union, and that is nothing to recommend it for passage.

We are trying to alert the Nation to the fact that this bill is absolutely one which should not at this moment be passed.

Mr. METCALF. Mr. President, will the Senator yield for 2 minutes?

Mr. HARTKE. I yield to the Senator from Montana for 2 minutes.

Mr. METCALF. Mr. President, it is very difficult to discuss the results of the conference today because all we have before us is a conference committee print entitled "Brief Description of Senate Amendments." This print was used by the conferees as a guide to assist them in their deliberations. Some of the description of the Senate amendments is completely misleading and some of it is absolutely untruthful. This morning a briefing was given to some of the staff people explaining some of the action

taken by the conferees on the Senate amendments.

The bill provides for a 13-percent increase in social security benefits with a minimum primary insurance amount of \$55. This is just one section of the bill that is completely unsatisfactory.

As far as that section is concerned, the Senator from Indiana wanted to make that amount \$100 and permit it to increase substantially more. We voted on 20 percent and then 17½ percent in committee. Finally, we came down to approval of a 15-percent increase and a minimum of \$70. That is the administration position.

If one goes through this bill he will find, as the Senator from Indiana pointed out, there are some minor increases, such as that, but many are a complete loss. For instance, there is the public assistance pass-along. The Senate committee amendment would have required the States, effective July 1, 1968, to adjust standards of need and maximum payment provisions to guarantee that recipients of old-age assistance, aid to the blind, and aid to the disabled would receive, on the average, an increase in total income equal to \$7.50 a month. In 1965, we passed a similar provision, but the amount was \$5 a month, and it was permissive rather than mandatory upon the States to apply that provision. The conferees have not only changed this year's Senate version, making the \$7.50 increase in total income discretionary with the States, but have also said that as much of the 1965 increase of \$5 as is presently in effect in the States must be subtracted from the \$7.50 increase this year. The net effect of this is that the conferees are making an additional \$2.50 available to recipients this year. There are numerous amendments such as that.

As the Senator from Indiana pointed out, we are returning to a philosophy that was abandoned in the thirties. We are returning to a philosophy we have repudiated for more than 30 years in the welfare program.

This is simply a notice that when we get the language of the amendments and analyze the conference report, we are going to go through and discuss this matter in greater detail. However, based on what little has been made available to us now, it is already clear that this is a most unsatisfactory solution to our welfare and social security problems, and it is a mere pittance that has been offered, and there is no adequate reason for us to adopt the conference report.

Mr. HARRIS. Mr. President, will the Senator yield?

Mr. HARTKE. I yield two minutes to the Senator from Oklahoma.

Mr. HARRIS. Mr. President, like the preceding two speakers, I serve as a member of the Committee on Finance, which reported out what I thought, on the whole, was a landmark bill in the change of philosophy from the hopelessness of poverty to widened opportunity for self-sufficiency.

However, I am very disturbed and depressed by the result of the conference between the House and the Senate on this bill. My depression is caused particularly by the actions of the conferees in

receding from the Senate amendments, both those adopted in committee and those agreed to on the floor, having to do with welfare.

I have studied the results of the conference action, and I will have more to say on this in greater detail during the coming week. Suffice it to say now that primarily what the conference has done has been to eliminate or reduce the added incentives and opportunities for work and training which the Senate provided and yet retain all of the harsh, compulsory features which the House bill provided. I think the harsh effects of this bill outweigh its good effects.

I think the Senate should seriously consider putting off this bill, if we cannot get the House to agree to an additional conference at this session, until immediately after the first of the year. We can still, with rapid action after the first of the year, enact a bill in time to pay the increased social security benefits which are provided in the bill within the effective dates provided by the bill.

Mr. HARTKE. Mr. President, I now yield 2 minutes to the Senator from Minnesota.

Mr. MONDALE. Mr. President, when the Senate adopted the social security measure the other day, I joined many other Senators in the belief that we were heading toward a path of enlightenment and understanding, although the bill was not all we wanted it to be. Yet Congress was beginning to show greater understanding for the needs not only of those on social security but also the millions throughout the land who are on welfare and must depend upon us for hope and opportunity.

The conference report, as it comes back from the conference committee, is almost entirely the House bill. It is shorn of virtually every improved amendment which was added by the Senate. I think it is one of the most backward, repressive, medieval pieces of legislation we have seen in a long time. About the only thing it overlooks is revival of debtors' prisons.

As much as I think we must immediately improve benefits to social security recipients, I think even there, the compromise in social security benefits was unfortunate. If the issue here were a question of Senate prestige, I would favor acceding. But, this is a very bad piece of legislation. It is bad news for social security recipients. It is bad news for those who believe in the hope and opportunity for the poor and the dispossessed of this country. It is bad news for the local communities throughout the country which, if they are committed enough to a sense of humanity, will have to increase their local real estate tax burden substantially.

And it is disastrous to the core cities throughout this country, already overburdened and overwhelmed by the enormous problems exploding in their faces every day.

Mr. President, as much as I hate to say so, I think the only responsible thing for the Senate to do is to reject the conference report.

Mr. HARTKE. Mr. President, now I yield 2 minutes to the Senator from New York [Mr. KENNEDY].

Mr. KENNEDY of New York. Mr. President, I join my colleagues in expressing the gravest reservations about the conference report on the social security bill. It seems to me, in studying the report, that no bill at all would be preferable to this legislation.

The social security benefits will be a sham for thousands of Americans because the increase will simply result in a corresponding reduction in their old-age payments. And, because the benefits are cut \$2.2 billion from the level in the Senate bill without any decrease in payroll taxes, the bill has been turned into a back-door tax measure which will burden millions of American wage earners without providing benefits to their elderly fellow citizens in return.

The welfare provisions of the bill constitute a long step backward. Within the total discretion of the State welfare agency, mothers with preschool children and children in school can be forced to work if the State decides that despite these children, it would be more appropriate for the mother to work. If that is not a step backward to the 19th, 18th, and 17th centuries, I do not know what is. More families than ever will be torn apart by these welfare provisions. Young fathers who have never been able to find work for any period of time will be denied welfare for their families even in States that have the program for children of unemployed fathers. More fathers than ever may leave home in order that their families may obtain welfare aid.

And worst of all, the bill freezes the amount of Federal aid for children on welfare. The philosophy of this bill seems to be to punish people because they are poor. This bill seems to say to the poor person that we in the Government simply do not care what happens to him if he is unable to support himself. The philosophy of the bill is to say to a child who enters the world as the offspring of poor parents and happens to be excluded by the freeze that we do not care what happens to him, that he can starve insofar as the U.S. Government or Congress is concerned—that we will treat him as though he does not exist.

Mr. President, this is one of the most regressive pieces of legislation ever to emerge from a House-Senate conference. It is a disgrace to all Americans, and an affront to the elderly and the poor. I urge that the conference report be rejected when it comes before the Senate next week, and I urge all States to examine the bill most carefully to see what the implications are for them and for the people of the country.

The PRESIDING OFFICER. All time has now expired.

Mr. MORSE. Mr. President, I ask unanimous consent for an additional 10 minutes to discuss this matter.

The PRESIDING OFFICER. The Senator from South Carolina [Mr. THURMOND] has the floor. Will he agree to that?

Mr. THURMOND. Mr. President, I discussed this with the Senator from Oklahoma [Mr. HARRIS] at some length and we agreed on 12 minutes. We have been in session all day working on the education bill, and we want to get back to it.

Mr. MORSE. Mr. President, I shall not press my request. I shall discuss this shocking, antidecency bill on my own time. We might as well forget about education if we are going to pass this kind of Social Security bill. However, I shall discuss it later on my own time.

Mr. THURMOND. Mr. President, I am glad to agree to additional time. I ask unanimous consent that 8 additional minutes may be allowed the Senator from Oregon. However, I believe that the Senator from Oklahoma [Mr. HARRIS] was keeping the time and that sufficient time would be permitted to the Senator from Massachusetts [Mr. KENNEDY] to be included in the previous 12 minutes. The Senator from Massachusetts came to me about getting some time. I am glad to yield 8 additional minutes, if that is so desired. That will make 20 minutes altogether.

Mr. HARRIS. Mr. President, the distinguished Senator from South Carolina has been extremely generous. In fact, he has been overly generous with his time. That would certainly be agreeable to me.

Mr. HARTKE. There is no question about it.

Mr. MORSE. I shall need only 2 minutes now. I can use the rest of my time to talk about education later on this afternoon.

Mr. THURMOND. Mr. President, I should like it to be thoroughly understood that the Senator from Massachusetts [Mr. KENNEDY] will get some of that time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina for 8 additional minutes? The Chair hears none, and it is so ordered.

Who yields time?

Mr. HARRIS. Mr. President, I yield 2 minutes to the Senator from Oregon.

Mr. MORSE. I thank the Senator from Oklahoma.

Mr. President, I want to say that the flag of the Great Society has just been lowered to half-mast. The Great Society program is on its death bed now, where it has been during most of this session of Congress. I would say it will not even meet a natural death because it is being murdered by legislation such as this.

I associate myself with every word the Senator from New York [Mr. KENNEDY] has said when he talked about what we will be doing to the mothers under the conference report. In many parts of the country where the pre-New Deal philosophy still prevails, the sins of the mothers will be visited, apparently upon the children.

We could have a reactionary regime in a local community which would offer these mothers 25 cents an hour to clean out public toilets and if they were not willing to do that then they would be denied any welfare funds.

Look at what we are doing to the aged, by denying them the benefits they should have.

The Senator from New York [Mr. KENNEDY] and I have pending before the Senate our bill in which we recognize the time is long past due when the minimum payment for social security should be \$100 per month for our old people.

Mr. President, the conference report is a disgrace. If we are going to murder the Great Society program, we should do it painlessly and not have our old people and dependent children suffering the pain of the killing.

Mr. HARTKE. Mr. President, I want to make just one more brief statement. I hope the administration will look over the conference report carefully. I hope they will come forward with suggestions as to how to rectify some of the difficulties and suggest that the original bill which they recommended to Congress be given at least a token effort.

I yield back the remainder of my time and thank the Senator from South Carolina for being so gracious—

Mr. METCALF. Mr. President, will the Senator yield me half a minute before he yields back the time?

Mr. HARTKE. I yield.

Mr. METCALF. I, too, am grateful to the Senator from South Carolina.

Mr. President, there is a 13-percent increase in the conference bill. The Senate provision called for 15 percent. The House had called for 12½ percent. So it was made 13 percent. An increase was made in the minimum payments up to \$55. Those increases, too, are inadequate. The amount is only a pittance in comparison with what really should be done for these people.

In addition to that, as has been repeatedly pointed out, the philosophy of the bill is a return to pre-New Deal days—in fact, it is a return to pre-Revolutionary days.

I hope everyone who is interested in and concerned over the welfare of the boys and girls and mothers of America will think about what has happened to the amendment offered by the Senator from New York. Everyone interested in the welfare of the poor people of our America should analyze these amendments.

As I have stated previously, the action taken by the conferees on the Senate amendments was summarized for some of our staff at a meeting today. None of us, as yet, have seen the actual language of the conference report. When I have seen the language of the report, I hope to be able to make a more thorough analysis. I served notice that, as soon as I am able to analyze the language of the conference sections, I am going to point out how detrimental, unfair, unjust, and inequitable a piece of legislation it is.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. KENNEDY of New York. Under the legislation, a mother of a child of 6 months, 1 year, 2 years, 3 years, or 4 years can be made to leave the home and work somewhere, in some area, for perhaps 25 or 30 cents an hour, going into a courthouse and cleaning the latrine there, or doing any kind of labor.

Mr. METCALF. Or sweeping garbage on the street; and only if the child is ill or incapacitated will the mother be permitted to stay home.

Mr. KENNEDY of New York. The ones who will suffer the most under this legislation will be the mothers and the children.

Mr. MONDALE. Mr. President, with reference to the most important Harris amendment, which related to added incentive payments under the work and training program, was that amendment retained in the conference report?

Mr. HARTKE. No.

Mr. KENNEDY of New York. No.

Mr. MONDALE. So there are many States in which the mothers and fathers will be required to stay apart, and the father will have to sneak in at night and be dishonest, if his children are to have clothing and food.

Mr. KENNEDY of New York. If the father stays at home and his children are legitimate, there are not going to be any payments under this bill in 28 States, and the chance that he can get help in the other 22 States is severely restricted by this bill.

SOCIAL SECURITY AMENDMENTS OF 1967

Mr. METCALF. Mr. President, it is no accident that I rise to talk today on the subject of the social security bill immediately after the passage of one of the most important educational bills that has ever been passed by the Senate.

The Senator from Oregon, who has furnished leadership in education, has brought to us a bill that is truly landmark legislation. But the education bill that we passed today will be of little avail if we adopt the philosophy incorporated in the social security conference report.

Mr. President, at this point, I ask unanimous consent to have printed in the RECORD an editorial which appeared in the New York Times on December 9.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SOCIAL INSECURITY BILL

The conference version of the Social Security bill is a harsh assault on the welfare of tens of thousands of the country's poorest families. It also represents a callous retreat by the Federal Government from its responsibility for taking over from the hard-pressed cities and states a fuller share of the relief burden.

The excellent measure passed by the Senate has been hacked into a regressive carbon copy of the worst of the bill as dictated by Chairman Wilbur Mills of the House Ways and Means Committee and steamrolled through the House without change. Its only really forward-looking provisions are its expanded authorizations for child health, family planning and day care, and even these have been scaled down.

Typical of the bill's niggardly spirit is the floor of \$55 fixed for monthly Social Security benefits, as against the \$70 minimum recommended by the Senate. How any American is expected to live on \$55 a month in this inflationary period, the conference report did not explain. The 15 per cent general increase in benefits the Senate had voted was chopped back to 13 per cent.

The public welfare provisions are calculated to strip those on the relief rolls of what dignity has been left to them by existing red-tape and investigatory procedures. The House won in its demand for a freeze on the ratio of children from fatherless homes who could qualify for welfare—a provision that faces the states with the option of sterilizing mothers or letting children starve. A dozen other provisions embody similarly degrading rules.

Even the sections intended to encourage relief recipients to find jobs are made so barren as to be self-defeating. Thus, a Senate provision permitting those on welfare to keep the first \$50 a month of outside earnings and half of everything over that has been cut to \$30 and 30 per cent, a ratio so low it provides almost no incentive. A job-training allowance is cut from \$20 a week to \$30 a month.

On Medicaid the new reimbursement standards will vastly complicate the problems of states that are already finding it almost impossible to keep up with the cost of health services to the medically indigent. Everything about the bill moves away from a recognition that welfare is a national problem in which the primary financial responsibility must rest with Washington.

The only hope now left for anything remotely approaching an adequate measure lies in the announcement yesterday by a half-dozen Senators that they would fight the conference report. They deserve Administration support in opposing a bill that Senator Robert F. Kennedy rightly called "a disgrace to all Americans."

Mr. METCALF. I have been in Congress for 15 years. As a Member of the House of Representatives, I introduced legislation for education. If some of that legislation had passed in those days, some of the social security problems we have today would not be before us. However, if we adopt the philosophy that is inherent in the social security conference report that will be before us on Wednesday or Thursday of this week, it will make no difference what kind of education bills we pass, and it will make no difference what we do in various aspects of our domestic legislation, because we will have taken a step backward into another century.

Mr. President, as the present Presiding Officer knows, and as my colleagues know who have served in the House of Representatives and here, there are two areas in which the Senate occupies a different position than in most areas.

One is the area in which the Constitution provides that revenue bills must originate in the House of Representatives.

The other is the area of appropriations where, by long tradition and custom, we have said that the principal hearings will be held in the House of Representatives.

In those two areas, the Senate has a duty of appeal. I am told that downtown and over in the House Appropriations Committee the word is *reclama*, a word used to distinguish the duties we have in the Senate in the carrying on and discussing of general legislation which can be introduced either in the Senate or House, and the special type of appeal procedures. So, we do not go into all the basic propositions of legislation on appropriation bills or on revenue bills because of the special situation in which the Constitution says that revenue bills have to originate over in the House of Representatives.

So, the social security bill which originated in the House of Representatives came over to us, and our function here was to look at the bill and discuss the bill and hold hearings on it as an appeal procedure. *Reclama* is the word they use.

Everybody recognizes that a very bad bill came over from the House of Representatives, a bill that was bad in concept, a bill that destroyed our whole philosophy of welfare, a bill that the appeal procedure of the Senate should operate upon.

So, we held hearings. We had about 2,000 pages of hearings. We held hearings day after day, and the distinguished chairman of the committee did exactly the job that the Senate is supposed to do. He called people in to testify about the House bill, and they did testify about most of the provisions of the bill.

Largely, the amendments that were offered were offered as a result of those hearings on the special bill that originated in the House of Representatives.

We met for many days in executive session in the committee, and amend-

ments were offered. Some of those amendments were adopted unanimously. Other amendments were voted upon on a party basis. Dozens of committee amendments, however, were adopted.

We then came to the floor of the Senate and discussed the social security legislation and the bill that the Senate had reported. Other amendments were adopted.

In a couple of days of conference, those hearing sessions, those thousands of pages of transcript, those debates in the committee, and the debates on the Senate floor, and the rollcall votes where we had adopted amendments by 2 to 1 and 3 to 1 were appealed. And the Senate abdicated and we went right back to the House bill, the bad bill that came over. We went right back to the bill that the appeal procedure had operated on.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point, a telegram which I received today from Walter P. Reuther, president of the Industrial Union Department of the AFL-CIO.

There being no objection the telegram was ordered to be printed in the RECORD, as follows:

INDUSTRIAL UNION DEPARTMENT,
AFL-CIO,

December 11, 1967.

The conference report on the Social Security Bill is repugnant to human needs and dignity. Social security benefit levels are totally inadequate, and the work-training requirements imposed on mothers by the conference report are unconscionable.

The welfare benefit freeze will impose heavy tax burdens on local communities and adjustments in old age assistance and welfare standards may deprive the poorest of our retired citizens of any income increases at all.

On behalf of more than six million members of the Industrial Union Department, AFL-CIO, I urge you to vote against the social security conference report and subsequently to instruct conferees to insist on the provisions of the Senate bill.

WALTER P. REUTHER,
President.

Mr. METCALF. Mr. President, I wonder whether the Senate is going to be a coequal legislative body or whether we are going to relegate ourselves to the position of the House of Lords, so that we register our objections and we tell the House of Representatives that we do not agree with the measures they send to the Senate, but when we go to conference, we go back to the same measures.

After weeks of hearings, weeks of debate, weeks of discussion, we are asked to adopt this bad, evil House bill.

When the President of the United States sent up the bill, the Secretary of Health, Education, and Welfare said:

What really matters is what happens to the families. A mother might appear to be a good candidate for work and training on several grounds. Yet, special circumstances might make it desirable for her to delay entrance into the program. If determinations are made according to rigid formulas inflexibly applied, if lack of imagination and foresight characterize action at the decision level, then the result can only be grief for the individuals and families involved, and defeat of the purposes of the program, which are to strengthen the family and move it toward independence.

Mr. President, as an example of what has happened, I wish to discuss one part of the bill, in the light of that declaration by the Secretary of Health, Education, and Welfare. Today, after I had been recognized, I had an opportunity to look over a statement that has been filed by the committee chairman on the conference report. The conference report is not yet before the Senate, and I have only had an opportunity to glance through the statement that will be presented to the Senate—a summary of the Social Security Amendments of 1967. Tomorrow or the day after tomorrow, I hope to discuss the various amendments in detail. But I wish to discuss a couple of the amendments today, to indicate what happened in conference.

One of the amendments relates to the so-called freeze on welfare. The House bill provided that the proportion of all children under age 21 who were receiving aid to families with dependent children in each State in January, 1967, on the basis of a parent being absent from the home, would not be exceeded for Federal participation after 1967. So that regardless of inflow and outflow of population, Federal participation for dependent children was limited to the Federal payment in 1967.

During the course of the debate on the education bill, I asked some questions about the migration of population. According to the President's manpower report of 1965, people who earn from \$2,000 to \$3,000 a year migrate from State to State at the percentage of 28 percent. People who earn \$6,000 and more have a migration average, from one State to another, of approximately 13 percent. So it can be seen that the poorer people move from one State to another.

The amendment which freezes the amount of money to be paid to take care of dependent children on the basis of 1967 payments would operate against the poorer people, who have the lesser income. But it would operate against all who migrate from one State to another.

When the Committee on Finance held its hearings on this provision of the bill, overwhelming evidence was submitted against it.

Mr. President, I ask unanimous consent that a list of those persons who gave testimony on the freeze before the Finance Committee be printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. HOLLINGS in the chair). Without objection, it is so ordered.

The list is as follows:

FAVOR PROVISION IN H.R. 12080	Hearing page
Council of State Chambers of Commerce	1265
Puerto Rico Medical Association	1388
"OUR FIRST REACTION IS ONE OF CONCERN WITHOUT BEING SURE AS TO WHETHER THIS PROVISION SHOULD BE OPPOSED"	
Department of Health and Social Services, State of Wisconsin	A262
OPPOSE PROVISION IN H.R. 12080	
ADC Association of Lane County, Inc., Oregon	1794
Administration	211
AFL-CIO	415
Alabama Department of Pensions and Security	A7

OPPOSE PROVISION IN H.R. 12080—CON.	Hearing page
Allred, Zella D., Salt Lake City, Utah	A15
American Association of University Women, Michigan Division	A132
American Civil Liberties Union	1226
American Nurses Association	951
American Parents Committee	958
American Public Welfare Association	999
Arthritis Foundation, New York Chapter	A180
Association of State Maternal and Child Health and Crippled Children's Directors	A90
Board of Directors, Health and Welfare Council of Metropolitan St. Louis	A251
Brooke, Hon. Edward W., U.S. Senator	826
Burns, Hon. John A., Governor of Hawaii	A213
Burton, Hon. Phillip, Member of Congress	1537
California Rural Legal Assistance (if retained, should be based on numbers of families in poverty)	1926
Central Iowa Chapter, National Association of Social Workers	A78
Chafee, Hon. John H., Governor of Rhode Island	A283
Child Welfare League of America	1321
Citizens' Committee for Children of New York	2019
Cleveland Welfare Federation	A35
Colorado State Department of Public Welfare	A44
Community Council of Greater New York	1617
Community Service Society of New York	1517
Congressmen Bingham, Cohelan, Don Edwards, Fraser, Ottinger, Rosenthal, Ryan, Diggs, George Brown, Conyers, Farbstein, Hawkins, Kastenmeier, Resnick, Roybal, Dow, Scheuer, and Congresswoman Mink	A199
Council for Christian Social Action, United Church of Christ	
Council of Jewish Federations and Welfare Funds, Federation of Jewish Philanthropies of New York	1611
Curtis, Hon. Kenneth M., Governor of Maine	A175
Delaware Department of Public Welfare	A68
Docking, Hon. Robert, Governor of Kansas	A111
Elman, Richard M., author, "The Poorhouse State. The American Way of Life on Public Assistance"	A244
Episcopal Action Group on Poverty	1733
Evans, Hon. Daniel J., Governor of Washington	A220
Family and Child Services of Washington, D.C.	
Family Service Association of Wyoming Valley	A105
Federation of Protestant Welfare Agencies	A38
Flint, Mich., Chapter of National Association of Social Work	
Governor's Committee on Law Enforcement and Administration of Justice Subcommittee on Juvenile Delinquency, State of Massachusetts	A170
Green, William S., member, New York State Assembly	1307
Hawaii, State of	A123
Health and Welfare Council of Nassau County, Inc., Garden City, N.Y.	A258
Health and Welfare Council of the National Capital Area	1487
Hearnes, Hon. Warren E., Governor of Missouri	A86
Hillcrest Children's Services, Dubuque, Iowa	A223
Hoff, Hon. Phillip H., Governor of Vermont	A107
Hughes, Hon. Harold E., Governor of Iowa	A266
Illinois Public Aid Commission	A148
Iowa State Board of Social Welfare	A72
Javits, Hon. Jacob K., U.S. Senator	1397

OPPOSE PROVISION IN H.R. 12080—CON.	Hearing page
Jewish Federation of Metropolitan Chicago	A104
Kennedy, Hon. Edward M., U.S. Senator	900
Kennedy, Hon. Robert F., U.S. Senator	775
Kerner, Hon. Otto, Governor of Illinois	A224
Lindsay, Hon. John V., Mayor, New York City	1123
Las Animas County Department of Public Welfare, Colo.	A174
Los Angeles County Board of Supervisors	A24
Lutheran Family and Children's Services of St. Louis, Mo.	A84
Maine Department of Health and Welfare	A211
Maine Department of Health and Welfare Advisory Committee, Citizens' Advisory Committee to the Bureau of Social Welfare, Executive Committee, Maine Conference on Social Welfare	
Marlin, David H., Deputy Director, Law Reform, Neighborhood Legal Services Project, Washington, D.C.	A268
Massachusetts General Court	A67
Medical Committee for Human Rights	A118
Moore, Hon. Dan, Governor of North Carolina	A85
National Association for the Advancement of Colored People	1259
National Association of Manufacturers	A161
National Association of Social Workers	930
National Committee for Day Care of Children	A178
National Consumers League	A121
National Council of Churches of Christ in the USA	1727
National Council on Illegitimacy	1476
National Council of Jewish Women	A227
National Council of Negro Women	1501
National Council of Senior Citizens	1069
National Governors' Conference	A261
National Farmers Union	1108
National Federation of Settlements and Neighborhood Centers	----
National Federation of Social Service Employees and Social Service Employees Union	1088
National PTA	A100
National Presbyterian Health and Welfare Association of the United Presbyterian Church in the USA	1739
National Urban League	A277
National Welfare Rights Organization	1463
Northeast Neighborhood Counseling Center, Kansas City, Kans.	A33
Oregon chapter, National Association of Social Workers	A55
Oregon Social Welfare Association, Inc.	1793
Pennsylvania Department of Public Welfare	A253
Physicians Forum	A241
Planned Parenthood—World Population	1495
Rhode Island Department of Social Welfare	A283
Rhodes, Hon. James A., Governor of Ohio	A14
Rockefeller, Hon. Nelson A., Governor of New York	A240
Shepard, Richard G.	A198
Sparer, Edward V., teacher of law of public assistance, Yale Law School	1761
Texas State Department of Public Welfare	A200
Travelers Aid Society of Washington, D.C.	A275
United Auto Workers	1637
U.S. Commission on Civil Rights	A183
Utah chapter, National Association of Social Workers	A188
Utah Division of Welfare	A106
Volpe, Hon. John A., Governor of Massachusetts	1153
Wisconsin Welfare Council	A105
Wyman, George K., commissioner, New York State Department of Social Services	1543

Mr. METCALF. Mr. President, the record shows that two witnesses testified in support of this freeze and approximately 150 witnesses either appeared personally or submitted testimony against it. Governors from every State in the Union—the Governor of the State represented by the present occupant of the chair—formally opposed this freeze. In the record is a report from the Governors' Conference objecting to it unanimously. In addition, individual Governors from 13 States opposed it. Senators, Representatives, members of the administration, and individuals representing organizations—all were convinced that this was bad legislation, that it was wrong. The only persons who testified in favor of the freeze were the Council of the State Chambers of Commerce and the Puerto Rico Medical Association.

As a result of that evidence and as a result of those hearings, the Senate eliminated that provision. We wrote into the law a provision that payment of welfare benefits would be continued in accordance with existing law. Now we are told, on this appeal procedure, that the testimony of the Governors, the Senators, the Representatives, and other interested individuals is to be taken for nothing. We are told that we will have to go back to the House bill.

What was the point of having all these people appear? What was the point of the debate on the floor and the discussion in the committee, if we are going to abdicate our responsibility to correct bad legislation?

I offered an amendment on the floor of the Senate with respect to disability. I use this as another example. So far as disability is concerned, we did not improve the law. We took a long step backward by adopting the House provision. So in committee, I offered an amendment that coincided with the accepted provisions of the law as it applies to disability in workmen's compensation law, veterans' disabilities, and so forth. I was told by members of the administration that the application of that amendment would cost a considerable amount of money. When we considered the bill on the floor of the Senate, I said:

Let us just go back to existing law. Let us just continue the disability program as it exists at the present time.

On the floor of the Senate that amendment was adopted, on a yea-and-nay vote, by a margin of 2 to 1. It merely went back to existing law.

But in a couple of afternoons the conferees decided that that amendment and scores of others would not be considered or would not be agreed to.

A work-training incentive program is set up by the proposed legislation. All of us felt that some incentives should be provided for people to take training to learn other skills, especially persons whose skills have become outmoded by technological changes. So the Senate decided that in order to provide such an incentive in the bill such persons would be paid \$20 a week over and above their welfare payments, in order to induce them to ride the buses to go to school and spend their time on the learning opportunities they were afforded. In the

House, that amount was cut to \$30 a month. Mr. President, that \$30 a month is just a subsidy for O. Roy Chalk. That is about how much it will cost the people to ride the buses to and from their work-training programs and work-training classes.

Mr. President, how much incentive is a person going to have to get off of welfare and take a training course involving 6 hours, 7 hours, or 8 hours a day when all he gets now over and above his welfare is only bus fare back and forth?

I bring up these situations as examples. In the next day or so I will be more specific and analyze the bill in greater detail.

The bill does increase social security payments by 13 percent. The House figure was 12.5 percent. The Senate suggested that social security payments be increased by 15 percent. The so-called compromise, which was no compromise at all, but an abdication, was 13 percent. The bill increases the minimums from \$44 to \$55. That is a substantial increase for people who are getting minimum payments. The administration suggested that it be a minimum of \$70, and that figure was in the Senate bill.

Many of us in the committee thought there should be a minimum of at least \$100. There was a vote, and a substantial vote, in committee on the figure of \$100.

However, Mr. President, in scores of pages in the bill the only benefits that are being held over our heads like a club are these two benefits of an increase of 13 percent for social security and an increase of minimums from \$44 to \$55.

Mr. President, tomorrow I am going to offer an amendment to one of the bills that was passed by the Committee on Finance today increasing social security in accordance with what is agreed to in the conference report: 13 percent and \$55.

According to the Washington Star, in an Associated Press article, one of our conferees, who asked that his name not be used, said:

We were told by the House to accept their provisions or there would be no bill.

Then he said during discussions of what would happen if the bill did not survive:

We were told we could announce to the old people we had killed the bill which would raise their benefits 13 percent.

After this conference report was announced and the decision of the Senate to abdicate on every major proposition was announced, the Under Secretary of Health, Education, and Welfare said he did not like the bill very much but, as he told the American Public Welfare Association:

New Congresses may always reconsider what past Congresses have done.

Mr. President, there are men in this Congress and there are men sitting in this Chamber who voted for the first social security legislation. I was a member of the Montana House of Representatives in 1937. I helped to enact the first social security legislation so that the Montana House of Representatives could comply and conform to the national legislation.

In all the years, Congress after Congress, and year after year since then, we have adopted a philosophy that there should be some dignity, even if people are poverty stricken; and we have adopted a philosophy that people should have an opportunity to eat and have a home; and that they should have a minimum of benefits. We have especially adopted a philosophy that children should grow up and have the care of their mother if it is at all possible.

This bill, after all these years—more than 30—and after all the Congresses which have voted upon social security legislation, has said that we will not permit the children to have the care of their mothers and that we can force the mother to go out and work in the streets. We can force her to take any job that is offered to her. We can make her take training and put her children in daytime nurseries.

The Senator from New York on the floor of the Senate offered an amendment which was overwhelmingly adopted that would have taken care of mothers and would have provided that mothers who are taking care of children in their homes would not have to abide by the work provisions of the bill. That measure was eliminated in conference.

Mr. President, this is a bill that goes back to the pre-Revolutionary idea that if you do not work you do not eat. I can remember back in the days of the depression when you did not have jobs, you did not have training, and you did not have the background necessary to get even the kinds of jobs that were offered.

We said that people should have the opportunity to continue to live on a dignified basis. All through the years since then we have adopted that philosophy. To my mind it was a good philosophy then, it is a good basic tenet today, and this is no time for the Assistant Secretary to say, "Well, new Congresses may reconsider what we do on this bill."

Mr. President, this bill does give some increased benefits to people who are receiving social security. However, what it does to families, what it does to mothers, and what it does to the boys and girls of America is so bad, and the basic legislation is so bad, that we can wait a month or so, and we do not have to wait that long if we adopt my suggestion. We can wait a little time to increase the payments to these other people and take care of our basic responsibilities.

I say to the people who think they will get the benefits of 13 percent, or a minimum of \$55, that many of them are not going to get that, because there is a provision in the bill that the additional money obtained as social security payments, if one is on welfare, can be taken away from him.

Mr. President, just to point that up, I ask unanimous consent to have printed in the RECORD, which explains more eloquently than I can, two letters with attachments from my constituents, who present exactly the problems I am talking about.

There being no objection, the letters with attachments were ordered to be printed in the RECORD, as follows:

NOVEMBER 22, 1967.

HON. LEE METCALF,
Senate Office Building,
Washington, D.C.

DEAR SENATOR METCALF: I am enclosing herewith a copy of a letter I have previously written to the State of Montana Department of Public Welfare together with a copy of the letter I received in reply, both of which are self-explanatory.

I am not the only person who is being hurt by these policies and I wonder if you are aware of the situation that exists. I know you will help us if there is anything possible that you can do.

I would appreciate it very much if you will see what can be done and let me know why the federal government requires this in face of the increased cost of living. I hope that you can see that the matter is corrected.

With best regards, I am,
Sincerely yours,

STATE OF MONTANA,
DEPARTMENT OF PUBLIC WELFARE,
Helena, Mont., November 14, 1967.

DEAR MR. —: I have your letter of November 10 which concerns your income from Social Security Benefits. I certainly have a sympathetic understanding of your problem. At this time, however, there is nothing that this Department can do to help you keep both an increase in Benefits with no reduction in your old age assistance. This is a Federal regulation over which we have no authority.

It may be possible, with the anticipated 15% increase in Social Security, there will be no reduction in old age assistance grants, but, as before stated, this is completely within the jurisdiction of the Federal Government.

I am sorry that I cannot be of some help to you.

Sincerely yours,

W. J. FOUSE,
Administrator.

NOVEMBER 10, 1967.

STATE WELFARE COMMISSION,
State Capitol,
Helena, Mont.

Attention: Mr. Fouse, State Administrator.

DEAR MR. FOUSE: I am eighty-four years old and have been retired for a number of years. I draw Social Security benefits in the amount of \$62.00 per month and welfare benefits in the amount of \$48.00 per month, making a total of \$110.00.

I live by myself and have an apartment which costs me \$50.00 per month. It is furnished and this price includes all utilities. It is the cheapest apartment that I can find which is decent. It has a private bathroom and other apartments that are cheaper are not fit for a person to live in, as you can well imagine.

In the past, each time Social Security payments have been increased, my welfare check has been decreased in the same amount. I do not have enough to properly take care of myself at the present time. I am looking forward to the increase in Social Security benefits which apparently will soon come to pass and will apparently be about a 15% increase.

Would you please see that my welfare check is not reduced by the same amount as my Social Security check is increased? I don't think it is fair because the reason the Social Security benefits are increased is that the government recognizes that the cost of living has increased to the point where Social Security recipients just have to have more money in order to live. This increase would

give me about \$9.00 per month more and it is what I need in order to properly take care of myself.

I have talked to my welfare case worker here, Mrs. Wallin, and she has suggested that I write to you directly. I would appreciate very much hearing from you and will look forward to your being able to help me in the matter.

Sincerely yours,

AUGUST 18, 1967.

Re: House Bill 12080.

HON. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR METCALF: I have been disturbed about a number of sections of House Bill 12080, particularly that section which attempts to limit the number of children who would be eligible to receive ADC by establishing a quota of children for whom the Department of Public Welfare could receive Federal matching funds. This attempt to predetermine the need for this type of assistance does not take into account economic conditions, automation, and employment conditions which we have no reason to doubt will continue to be fluid and changing at least in the foreseeable future. As one of the many consequences of such a harsh action it is easy to foresee that families will be forced to separate for economic reasons only. Family breakdown is one of the greatest contributors to poverty in our Nation and such action seems to be deliberately placing our society in jeopardy.

This burden will not solely upon the poor. Migration pattern of the disadvantaged from the rural areas, particularly in the South, to the metropolitan areas is a well established trend. The awesome burden this has placed on the inner city has been recently demonstrated in Watts in 1965 and in the Detroit and Newark of 1967. This burden and resulting problem can only be increased. A quota system for ADC will have the affect of providing the city with an ever-increasing number of families needing assistance and ever-diminishing resources in which to provide this assistance. Decreasing the amount of Federal support for a metropolitan area cannot be the answer to urban problems.

That section of House Bill 12080 which would require a plan of self-support for all unmarried and divorced, separated and deserted mothers fails to take into consideration that mothers on ADC are not necessarily poor mothers and that enforced separation from a single parent might be more damaging than separation from two adequate parents. What will become of the children of this new group of working mothers? The present scarcity of adequate day care facilities and other facilities for substitute child care will not be easily remedied. The majority of unmarried mothers who are currently recipients of ADC will without question require considerable training and perhaps much basic education before they will be employable in today's job market. One can not help but wonder where these training facilities will come from.

We are all concerned about the ever-increasing cycle of poverty and dependency in our nation. We are concerned about the deterioration of our cities but we must face the fact that we are in the midst of a great social revolution. Forcing that minority of the poor who are recipients of public welfare to bear the burden of our confusion and anger will not halt the changes going on in society in general. Children are important to us. If we lose sight of this fact we face the prospect of

yet another generation who will disassociate themselves from responsible society. Depriving already deprived people will not produce the kind of self-sufficiency which is our desire for everyone.

Again we recognize that changes are needed, however, it would appear that a few sections in House Bill 12080 provides more problems than solutions.

Sincerely yours,

Mr. METCALF. Mr. President, tomorrow, and the next day, I shall speak in greater detail about the bill. This is a bad bill. It was recognized to be a bad bill when it came over from the House of Representatives. During the course of the hearings—2,000 pages of it—witness after witness came in and testified in opposition to the legislation. This is essentially the bill that passed the House. The bill should be voted down. We should have another opportunity to take care of the old, the poverty stricken, and the unfortunate of the people of America and give them the cost of living increase to which they are entitled, to give them the benefits of an affluent society which the majority of Americans now enjoy.

We must not take the first step backwards in 33 years of welfare and social security legislation.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

SOCIAL SECURITY AMENDMENTS OF
1967—CONFERENCE REPORT

Mr. LONG of Louisiana. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The assistant legislative clerk read the report.

(For conference report, see House proceedings of December 11, 1967, pp. H16684-H16693, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MANSFIELD. Mr. President, will the Senator yield without losing his right to the floor?

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that I may yield to the majority leader without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that certain advisers to the committee from the Legislative Reference Service of the Library of Congress, Mr. Fred Arner, Mr. William Fullerton, and Mr. Frank Crowley, be permitted to be present on the Senate floor during the consideration of the conference report.

The PRESIDING OFFICER. (Mr. TYDINGS in the chair). Without objection, it is so ordered.

Mr. LONG of Louisiana. Mr. President, this is the conference report of the Social Security Amendments of 1967. It provides for a minimum increase in the level of social security payments of 13 percent, and an increase in the minimum social security benefits to \$55 from today's level of \$44, which represents a 25-percent increase.

These increases will put \$3.6 billion of new purchasing power into the hands of almost 24 million elderly retired citizens, widows, orphans, and disabled persons in the first full year of operation. They represent the single largest dollar increase in social security benefits Congress has ever enacted. Under the conference report, these new benefits will become payable for the month of February 1968—1 month sooner than the Senate bill would have provided—and will be reflected in checks that social security recipients receive early in March of next year.

The 13 percent we are acting on today more than offsets the rise in the cost of living that has occurred since social security benefits were last increased in July 1965. In general, the cost of living has gone up 8 percent since then. This bill, when considered with the cash increases enacted in 1965, provides retired persons, widows, orphans, and disabled persons with social security increases of 21 percent. For those age 65 and over, after taking medicare benefits into account, social security has been increased by more than 33 percent since July 1965, when the provisions of this bill are included. And as I have pointed out, the cost of living has increased only 8 percent in this same period.

Mr. President, I believe we are justified in making this large increase on the theory that social security payments have never been entirely adequate, and we should be trying to raise them to the point where we lift people out of poverty by means of a good, solid social security program—such as we seek to enact with this bill. While the bill does not do everything we would like to do, it is a move in the right direction.

The conference agreement is a good bill. There are still a lot of improvements we can make in the social security and welfare programs, but we have taken a major step forward with these 1967 amendments. Truly this is a landmark bill.

Before describing more of the important features of the conference agreement, let me tell the Senate something about the mood of the House conferees. This was one of the toughest conferences between the Senate and the House in which I have ever participated. I notice that the Senator from New Mexico [Mr. ANDERSON], who has gone through some

of these conferences in years past, is present, and I am sure he understands what I mean.

Keep in mind, Mr. President, the House conferees came into the meeting with a 414-to-3 vote behind their bill which they interpreted as a mandate of the House that social security taxes should not be increased any higher than they provided in their bill.

And may I add, Mr. President, not only did they come to us with a mandate of 414 to 3, but the House has just acted, by a vote of 388 to 3 on the conference bill, to back up that mandate. So it is not difficult to understand why, without higher social security taxes, it was impossible for us in the Senate to convince the House conferees of the desirability of a number of the Senate amendments, which they contended, and quite correctly, would cause an actuarial imbalance in the trust funds, and add a measure of fiscal irresponsibility to the program, unless additional revenue was provided.

We would have preferred a greater benefit increase than the 13 percent we were able to get.

We would have preferred a minimum benefit of \$70 rather than the \$55 we finally settled on. We would have preferred to permit workers to obtain reduced social security benefits by retiring at age 60.

We would have preferred more flexibility in the earnings exemption as voted by the Senate, which broadens the amount of outside income a worker may receive without jeopardizing his social security benefits.

We would have preferred to do something for the non-AFDC children who have to go into foster homes. We would have preferred to do more for the disabled widows than we were able to do. We would have preferred to continue social security for mothers who care for children attending high school beyond age 18.

There are a number of other Senate amendments we would have preferred to see enacted into law. But the House conferees were unwilling to agree to any amendments requiring further increases in the social security tax in addition to those which we were able to prevail upon them to accept.

They were also unwilling to agree to Senate amendments which increased the Federal commitment for the social security programs financed out of the General Treasury.

They let us know as soon as we met with them that our bill was actuarially unsound. That is understandable, since we added \$1½ billion of extra benefits to the committee bill after it reached the floor of the Senate without providing a single dollar of new tax to pay for them.

I want to make it clear to the Senators that the matter of tax rates was not before the conference. The tax rates in the Senate bill were identical to the rates in the House bill except for an increase to 5.9 percent from 5.8 percent in 1987—20 years from now. Since the rates were not in conference and the House conferees were adamant in their refusal to finance all these new Senate sponsored benefits

through an increase in the wage base, the Senate conferees had their backs against the wall from the beginning in this area. Mr. MILLS, the distinguished chairman of the House Committee on Ways and Means, and the chairman of the conference, pointed out to us that Congress had just increased the annual wage base from \$4,800 to \$6,600 effective in 1966 and that the House bill had added another \$1,000 to bring the wage base to \$7,600 in 1968. He was convinced that if we went above the \$7,800 figure, the House would reject the conference bill. The conference figure means that the wage base will have increased by 63 percent since 1966—a very large increase. I might add, as a historical note, that the wage base did not increase above \$3,000 for 13 years. The Senate wage base increase to \$10,800 would have constituted a \$6,000 increase or 2¼ times as high as it was just 2 years ago. And the House conferees just would not do it.

The House bill was actuarially sound; the Senate Finance Committee bill was actuarially sound; but the bill that passed the Senate was an unsound bill. It was badly out of balance. It did not provide the taxes necessary to pay for the benefits the Senate added to the bill. We were faced at the outset with the prospect of having to yield on \$1½ to \$2 billion of benefits before we could argue that our bill was actuarially sound.

The House conferees were arguing from strength. They argued with a single voice. They were united to a man; and the theme of their opposition was that if it costs money, they cannot accept it, on the theory that the money is not there with which to pay for it.

Although costs were of paramount importance to the House conferees, they never missed an opportunity to show us what they thought were defects in our Senate amendments whenever they could.

They pointed out a weakness in the amendment offered by the Senator from Wisconsin [Mr. NELSON] to let mothers have a social security benefit while her child over age 18 is still in high school. We put that amendment in to discourage children age 18 to 21 from dropping out of school to help care for mama since she loses her mother's benefit when they become age 18.

The House conferees said that with our amendment in the law, young children would drop out of school at age 15, and their mother could still get the check; then, they would come back into school at age 18 with the result that mama would be kept on the rolls for possibly 3 years longer than she would have been otherwise. No doubt with a little bit of hard work, we can find a way to provide relief in these cases without opening the law up to the abuse the House feared. We will work at it.

They showed us the defects in the Kennedy amendments relating to welfare benefits for mothers who refuse to undergo training or accept employment for which they are suitable. The Senator from New York [Mr. KENNEDY] wanted to prevent vendor and protective payments for her children from being used in such a case. He wanted the mother

who refused to accept work or undergo training to continue to get the welfare check on their behalf and use it for her own selfish purposes rather than for the benefit of the children. His amendment did that, but it created the anomalous situation under which the mother's welfare benefit would have to be paid to someone else.

We could not have fixed that up in conference, even if the House conferees had been willing to accept it; and I might say that they were determined not to accept it. The House conferees felt, just as the Senate Committee on Finance felt, that the example of a good responsible working member of a welfare family was far more beneficial to the children in that family than would be the example set by a mother who could refuse with impunity to accept a good job when it was offered to her because she would rather live on a public dole. It is that sort of attitude which has led to three generations of the same family living on welfare. It is that sort of attitude which prompted the House and the Committee on Finance to seek ways to bring dignity and a better life to welfare families. Under the conference bill the money must go for the use of the children.

The House conferees pointed out to us that under the Hartke amendment relating to the blind, a person who was near-blind could qualify for disability benefits and continue to receive those benefits, even though he was actually employed at a very good job and able to earn all the income he needed to satisfy his wants. The House conferees were unwilling to agree that a man whose income demonstrated that his earning capacity had not been impaired by the condition of his eyes should be treated as if he were a disabled person for this purpose.

The House conferees pointed out that the amendment offered by Senator BYRD, of West Virginia, relating to early retirement, would place Congress under more pressure than it has ever been to do away with the earnings limitation, or to give them a full benefit at this age. They felt that people at this age were not ready for full retirement and that reduced social security benefits they would get would be so small that they would have to seek part-time employment to supplement them. The part-time employment would lead them to seek changes in the future to let them earn more and more and more without jeopardizing their social security benefit.

Again, we could not have dealt with this House objection even if we had been able to convince them that the Byrd amendment should be approved. It is a sort of thing that perhaps we can work out in the future. But at this time, it was not before the conferees. It could not be done.

I regret very sincerely that I was not able to persuade the House members to agree to the Byrd amendment. We had been in conference before with that very amendment. I tried diligently to persuade the House conferees to agree to it. I believe that the Senate conferees would testify that we made every effort we could to get the House conferees to accept the amendment. However, we were

not able to persuade them to take the amendment.

On the earnings test itself, we met a solid wall of concerted opposition not only from the House conferees but from the administration, as well. They said that of all people, those who were able to work and earn an income for themselves were the least worthy candidates for increased social security benefits. The Bayh amendment would have provided \$1 billion of benefits to people who are still working.

Generally, it is presumed that Senate conferees would look after their own amendments with a little more interest than they would other Senators' amendments. But in this conference the Senate conferees lost several of their own pet amendments. It is no secret that I had an amendment to which I attached the greatest importance and for which I fought here on the floor of the Senate. However, the House conferees would not agree to accept my drug formulary amendment. We had to settle for the best we could get.

The Senator from New Mexico [Mr. ANDERSON], another conferee, lost his medicare planning amendment to which he attached great importance. This was something to which he had devoted a great deal of effort and attention in this year and prior years. The Senator from Georgia [Mr. TALMADGE] lost his \$7.50 mandatory pass-along. And the Senator from Florida [Mr. SMATHERS] lost his medical expenses deduction. The Senator from Delaware [Mr. WILLIAMS] saw his savings bond amendment rejected by the House conferees. The Senator from Kansas [Mr. CARLSON] and the Senator from Nebraska [Mr. CURTIS] also sponsored amendments which did not come back from conference.

The House conferees were tough, but the bill we agreed on makes major improvements in the entire Social Security Act. Let me describe some of these improvements.

First of all, the Senate conferees have brought back the biggest social security increase Congress has ever acted on. It will pay out \$3.6 billion in additional social security benefits during the first full year to almost 24 million people.

I pause to reflect that when Congress passed the original social security bill in 1935, the Committee on Finance estimated at that time that the program would build up to the point that it would be paying out \$3.5 billion in the year 1970.

But the pending bill provides for an annual increase in benefits, when it is in full operation, of \$3.6 billion. That is more than the whole program was estimated to cost by 1970 when Congress passed the first social security bill in 1935.

To be specific about the conference bill, a retired worker receiving \$78.20 under present law will receive \$88.40 monthly as a result of the conference agreement. The worker receiving the minimum \$44 benefit today will get a 25-percent increase under the conference bill. His new benefit will be \$55. The worker receiving today's maximum payment of \$144 will have that increased to

\$160.50. In the future this amount can go as high as \$218. To a husband and wife presently receiving the average social security payment of \$145, this will mean that they will get a \$20 a month increase which will raise their monthly check to \$165.

These increases have been eagerly awaited by our elderly. They mean a new pair of shoes, a little more nourishment, a little more meat on the table, a little more protein in the diet, or perhaps better living accommodations and a little more comfort in the home. This is what this social security increase is all about, and this is what the conference agreement really achieves.

The conferees worked long and hard to make absolutely certain that the social security system is without question financed on an actuarially sound basis. No one can demonstrate that the social security benefits of anyone will be in jeopardy because of the condition of the trust funds as the result of the enactment of this bill.

In addition to providing a very substantial benefit increase for the one out of nine Americans who depend upon their social security check each month, the conference bill makes many other improvements in various titles of the Social Security Act.

We are making several improvements in the coverage provisions of the social security program. We are making many other changes designed to improve and simplify the social security program, including the medicare provisions.

Perhaps the most significant provisions in the bill, however, are those which will set us on a new road for dealing with the problems in the public assistance programs. Our work-incentive program administered by the Department of Labor, which the House agreed to, will, I believe, turn out to be the most far reaching and significant part of the bill which we are acting upon.

The bill will restore fiscal responsibility to the medicare program. It will also provide many important improvements in the way care under that program is delivered and financed. The hundreds of thousands of older people who must spend their days in nursing homes will find their lot much improved as a result of the provisions in this bill.

We have made important improvements in the child welfare provisions of the law—increasing Federal responsibility in that area, with special emphasis on day care.

We are improving the child-health provisions of present law, putting more emphasis on the State role of this program and assuring that the poor will have family planning services available to them on a voluntary basis.

As I have said before, "This bill must rank with the greatest of the social security bills ever placed before the Senate."

I can make the same statement about the conference bill without reservation or equivocation.

There are indications that some Members of the Senate are displeased with the action of the conferees. Several have made statements to the Senate, even before they had the benefit of the full text

of the conference agreement. Regardless of the timing of their action, the important thing to consider for the Senate is who will lose if the Senate fails to adopt the conference agreement.

First and most important will be the nearly 24 million retired people, widows, and children who have patiently waited for Congress to increase their social security benefits and give them needed additional purchasing power.

The Nation's old people were told by the President in October 1966, that a benefit increase should be enacted. How can the U.S. Senate tell them 15 months later that there will be no increase—just more promises—promises that may not be kept? These old people need the money just as soon as the Government can get the increased checks to them.

I want to make it very clear to every Senator that the Senate conferees were advised in no uncertain terms by the House conferees that should the Senate reject the conference agreement, the House Ways and Means Committee would not consider a social security bill any time soon. They would be unable to do it. There would be no social security bill, no benefit increase any earlier than 1969. Those who wish to nullify a full year's work on one of the largest social security and public welfare bills ever considered will have to answer to the 24 million people who will be hurt by their action. Furthermore, even if we did consider providing more benefits than are called for under the conference agreement, there is the question of who is going to pay for them.

Even under the proposal that we brought back from the conference, an employee earning at the wage base will be required to pay an additional \$53.20 yearly during 1968 to finance the benefits that we have provided. Some of the Senate opponents of this bill apparently feel that 17 to 20 percent would be the only adequate level of increase, but they fail to indicate what the tax hike would have to be or how they would actually finance their generosity. The conference agreement strikes a reasonable balance between making adequate increases in benefits, which the Senate bill stressed, and the tax burden on workers, which the House bill emphasized.

If some of the more sweeping and less responsible proposals were adopted, and the taxes were imposed to pay for them, it could cause considerable resentment among our younger workers, who must pay the tax to finance these benefits. We owe them as much consideration as we do our elderly.

As a matter of fact, I saw the results of a poll from my State which indicated that the majority of people, when asked the question, "Would you favor a big increase in social security taxes if it could be accompanied by a big increase in benefits?" said, "No," they do not favor it, because they are aware of the big social security tax now.

Mr. President, I believe that the vote of 388 to 3 in the House today and the previous vote of 414 to 3 indicate that the Members of the House, all of whom must run for office next year, are very much aware of this situation.

Let us be completely honest regarding the issue. The conferees of the Senate are asking to have the conference agreement adopted. Others are demanding that it be rejected. A vote against the conference bill will be a vote against the aged; a vote against the conference bill will be a vote against the sick; a vote against the conference bill will be a vote against widows and orphan children; a vote against the conference bill might be interpreted as a vote in favor of welfare cheaters.

It is my understanding that some conferees have received telegrams from the AFL-CIO recommending that the conference agreement be rejected. I must say, Mr. President, that this action by the AFL-CIO is rather unprecedented, and I must express my disappointment in that large association for the way it has acted about this matter.

I have received no such telegrams, and no representative of that fine organization has been to my office to tell me why nearly 24 million people—including the sick, the aged, and orphan children—should be denied the social security increases that this bill provides. Many spokesmen of that organization have been very good friends of this Senator, and I have been their good friend. We have worked together on matters of mutual interest. As a matter of fact, the AFL-CIO spokesmen typically used my office in the Capitol as their meeting hall, you might say, and as a place to leave their hats, coats, and briefcases while they were looking for Senators, to persuade to vote for labor bills. In my opinion, that organization has never been less responsible than it has been with respect to this bill by suggesting that it not be agreed to. If they are worried about a few unemployed hoboes being put to work, they need not fear because these persons are not dues-paying members of their organization and the jobs we would create for them are not jobs which would displace AFL-CIO members.

That organization, which ordinarily does a magnificent job of representing the best interest of the working man, has done him a disservice in this instance, and has done the House and Senate conferees an injustice. I might note that the attacks on this bill were made by this fine organization before the conference report was printed. It may be that now that it is printed and that they have had an opportunity to read it they can understand that there is a lot of good in the landmark bill we have brought back to the Senate. Perhaps they will take a different position. I hope they will.

However, I am impressed by the fact that those telegrams, inspired from Miami by the AFL-CIO, did not make much of an impression on the House, which proceeded to agree to this conference report by a vote of 388 to 3. If anyone thinks that the Members of the House of Representatives or any considerable segment of them are stooges for the labor organization, I believe it is a pretty good indication, when the House, by a margin of over 99 percent, seems to have clearly ignored those communications and to have ignored the telephone calls of various people, which were inspired by business agents and others in

various States, telling them to call their Congressmen. The House brushed those communications aside and said, "No. This is a good bill for the poor, the sick, the unfortunate, and we are going to approve the conference report."

Mr. President, there have been some misunderstandings which I believe we would do well to clear up. There has been much talk about the provision in the bill to require a freeze of the AFDC case-loads. Those in the administration who opposed the House provision with respect to this welfare freeze do not now see the danger or the threat that they feared at one point.

Mr. President, this is so because we have several things in this bill which offset and prevent the dire results that some persons might have anticipated:

First. The conferees limited the application of the freeze to children under the age of 18, thus making this much less onerous on States which add children 18 to 21 going to school.

Second. The conferees deleted the retroactive feature of the original House freeze, and made it wholly prospective after June of 1968. This also makes it less onerous on the States.

Third. The freeze applies not to the entire AFDC population, but only to those whose parent is absent from the home. It seeks to take the incentive out of illegitimacy, or out of a father's running away from his obligations to his children.

It does not seek to limit any other AFDC coverage in the States.

Fourth. There are a number of other provisions in the bill which operate to relieve pressure on the AFDC limit:

First. Family planning services, including birth control devices are to be provided at the option of the recipient.

However, the welfare department must go out and tell the recipients that these services are available. Today they do not have to look for people to aid with these services. The services are there if somebody wishes to go out to try it.

This provision will help poor and ignorant people who have a child year after year. By the time the child reaches maturity, he would have cost society \$5,000 if he were one of these illegitimate children. Some of these poor and ignorant people know nothing about birth control or family planning services. Under this measure, it would be the duty of the State welfare agency to go out and look for these people and explain what it is all about. We expect that this will help to reduce those births.

Second. The work incentive program over a period of time will get welfare recipients into good jobs and off of the welfare rolls.

Third. Help States to find runaway fathers and get support payments from them, and help ease the welfare load.

Mr. President, the combination of these other provisions and the conference modification of the freeze itself, have prompted the Department of Health, Education, and Welfare to revise its estimate of the savings expected from the freeze downward from \$18 million to zero. They do not look for any savings from the freeze. Why? Because the Senate conferees were able to get modifica-

tions in the bill which tend to make the freeze inapplicable and inoperative.

At any rate, the freeze will not hurt a single child. The children will be cared for. The only difference is that their cost must be borne by the States, if the freeze ever does apply.

Mr. President, it is a freeze on the proportion of total child population and not a freeze on the absolute number of children. As the total population goes up in a State the numerical limit under the AFDC freeze will also go up. In essence, the freeze is not a factor which will save Government money. This is a Department of Health, Education, and Welfare estimate by the very able people in the Department who oppose the House provision on the freeze. How much do they estimate the Government will save? The figure is zero.

Mr. President, this has been a matter of great pride. This is a matter in which people tend to let pride carry them away and an impasse is created.

Some might contend that little children, the sick, and the poor do not get the help and do not receive the increases to which they are entitled; that people are left in poverty that should be helped. That kind of impasse should not be permitted to exist.

My mind goes back to an unfortunate situation that developed several years ago when House conferees decided they were going to insist that all of the Senate conferees from the Committee on Appropriations would have to go to the House side of the Capitol building. The Senate conferees said that that was ridiculous. The members of the Senate Committee on Appropriations refused to yield. For a period of several months that impasse continued with the result that the business of the Nation had nearly come to a halt because people could not decide if the House conferees were going to walk to the Senate side of the Capitol or whether the Senate conferees were going to walk to the House side of the Capitol.

Mr. President, the people of this Nation do not understand that sort of vanity. They think less of us when we deadlock on something as important as a major social security bill or a revenue bill, because of these distinctions without a difference.

Mr. President, we have worked this matter out to where experts in the Department are apparently no longer worried about the freeze, and they are the people who know the most about it and have studied it and they find we provide all these methods to relieve pressure on those who need aid for dependent children.

We are going to do more than just help the people. We are going to find ways for them to work on constructive employment and improve their lot and that of the people around them. When they make some money they will be able to keep some of it, contrasted to prior years.

Mr. President, for those Senators desiring a complete and detailed explanation of the conference agreement provisions, I ask unanimous consent at this

point in the RECORD to insert a summary of the conference bill prepared by the staff of the Senate Finance Committee.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF SOCIAL SECURITY AMENDMENTS OF 1967

OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE PROGRAMS

Old-age, survivors, and disability insurance Increase in Social Security Benefits

The amendments provide an increase in benefit payments of 13 percent for all beneficiaries on the social security rolls. The average monthly benefit paid to a retired worker with an eligible wife now on the rolls is increased from \$145 to \$165. The minimum benefit for a worker retiring at age 65 is increased from \$44 to \$55 a month. Monthly benefits will range from \$55 to \$160.50, for retired workers now on social security rolls who began to draw benefits at age 65 or later.

The amount of earnings subject to tax and used in the computation of benefits is increased from \$6,600 to \$7,800 in 1968.

The \$168 maximum benefit (based on average monthly earnings of \$550—or \$6,600 per year) eventually payable under present law would be increased to \$189.90. The increase in the amount of earnings that can be used in the benefit computation would result in a maximum benefit of \$218 (based on average monthly earnings of \$650—\$7,800 a year) in the future. The maximum benefits payable to a family on a single earnings record is \$434.40. To qualify for the maximum retirement benefits just outlined, a wage earner who retires at age 65 in the future must have earned the maximum under the new earnings bases for a number of years.

Effective date.—The increased benefits are first payable for the month of February 1968 and will be reflected in checks received early in March. It is estimated that 22.9 million people are paid increased benefits. More than \$3 billion in additional benefits will be paid in the first 12 months.

Special Benefits for People Age 72 and Over

The special payments made to uninsured individuals aged 72 and over are increased from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple.

Effective date.—The increased benefits will be first payable for February 1968 and will be reflected in checks received in March 1968.

Limitation on Wife's Benefit

The amendments limit the wife's benefit to a maximum of \$105 a month. The effect of this provision will not generally be felt until many years into the future.

The Retirement Test

The amendments provide for an increase from \$1,500 to \$1,680 in the amount of annual earnings a beneficiary under age 72 can have without having any benefits withheld. Provision is made for an increase from \$125 to \$140 in the amount of monthly earnings a person can have and still get a benefit for the month. The bill provides that \$1 in benefits be withheld for each \$2 of earnings between \$1,680 and \$2,880 and \$1 in benefits for each \$1 in earnings above \$2,880.

Effective date.—The provision is effective for earnings in 1968. It is estimated that about \$175 million in additional benefits would be paid for 1968 to 750,000 people.

Benefits for Disabled Widows and Widowers

The amendments provide for the payment of monthly benefits to certain disabled widows and widowers of deceased workers who are between the ages of 50 and 62. If a disabled widow or widower first receives benefits at age 50, then the benefit would

be 50 percent of the primary insurance amount. The amount payable would increase up to 82½ percent of the primary insurance amount, depending on the age at which benefits began. The reduction would continue to apply to benefits which were paid after the recipient reached age 62.

A widow or widower would be deemed disabled only if the disability is one that, under regulations prescribed by the Secretary of Health, Education, and Welfare, would preclude any gainful activity.

To be eligible for the benefits, the widow or widower must have become totally disabled not later than 7 years after the spouse's death, or in the case of a widowed mother, before the end of her benefits as a mother or within 7 years thereafter.

Effective date.—About 65,000 disabled widows and widowers could be eligible for benefits and about \$60 million in benefits would be paid during the first 12 months of operation. Benefits would be payable starting for February 1968.

Dependency of a Child on the Mother

The amendments provide that a child will be considered dependent on the mother under the same conditions that he is now considered dependent on the father. As a result, a child could be entitled to benefits if the mother was either fully or currently insured at the time she died, retired, or became disabled. Under present law a mother must have currently insured status (six out of the last 13 quarters ending with death, retirement, or disability) unless she was actually supporting the child.

Effective date.—Benefits will be payable beginning for February 1968. It is estimated that 175,000 children will be eligible for benefits and that \$83 million in additional benefits will be payable in the first 12 months.

Insured Status for Workers Disabled While Young

The amendments will allow a worker who becomes disabled before the age of 31 to qualify for disability insurance if he worked in one-half of the quarters between the time he is 21 and the time he is disabled, or alternatively, if he is under 24, works in six quarters out of the last 12. This requirement would be an alternative to the present requirement that the worker must have had a total of 5 years out of the last 10 years in covered employment.

Effective date.—Benefits would be payable for February 1968 on the basis of applications filed in or after December 1967.

Additional Wage Credits for Servicemen

For social security benefit purposes, the amendments will provide that in the future the pay of a person in the uniformed service would be deemed to be \$100 a month more than his basic pay. The additional cost of paying the benefits resulting from this provision would be paid out of general revenues.

Disability Insurance Trust Fund

The amendments increase the percentage of taxable wages appropriated to the disability insurance trust fund (now at 0.70 of 1 percent) to 0.95 of 1 percent and would increase the percentage of self-employment income (now at 0.525 of 1 percent) to 0.7125 of 1 percent.

Extension of Retroactivity of Disability Applications

The amendments allow a longer period of time after termination of disability for the filing of a disability freeze application by an individual whose mental or physical disability interfered with his filing a timely application. This would enable workers who are totally disabled over an extended period but fail to file timely applications to nevertheless have the period of disability frozen, and thus not counted against them in subsequent determinations as to whether they are insured for social security benefits or the amount of such benefits.

The provision, however, does not apply to monthly disability benefits.

Children Adopted by Disability Beneficiaries

The amendments provide that a child adopted by a person who is getting disability benefits can become entitled to benefits if (a) the adoption takes place in the United States, (b) it was under the supervision of a public or private child-placement agency, (c) the disabled individual had resided in the United States for the year prior to the adoption, and (d) the child is under 18 at the time of adoption.

Effective date.—The provision is effective for benefits for February 1968 based on applications filed in and after December 1967.

Coverage of Ministers

The amendments permit a clergyman (other than members of religious orders who have taken a vow of poverty) to elect not to be covered if he is conscientiously opposed to social security coverage, or if he opposes such coverage on grounds of religious principle.

Coverage of State and Local Employees Ineligible for Membership in a State Retirement System

The amendments facilitate social security coverage for workers in positions under a State or local government retirement system who are not eligible to join the system. Under present law, these workers cannot be covered under social security in connection with the procedure for extending coverage to members of a retirement system by means of the provision permitting specified States to cover only those members of a retirement system who desire coverage. The amendments would permit these workers to be covered under this procedure.

State and Local Coverage in Illinois

The amendments add Illinois to the list of States (19 under present law) which are permitted to extend social security coverage to those current members of a State or local retirement system who desire coverage, with all future employees being compulsorily covered.

Firemen in Puerto Rico

The amendments add Puerto Rico to the list of States which may provide social security coverage for policemen and firemen.

Firemen in Nebraska

The amendments validate social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.

Coverage of Firemen

The amendments provide that social security coverage can be extended to firemen in States not specifically granted that right if the Governor of the State certifies that the total benefit protection of firemen would be improved as a result. However, the divided retirement system could not be used and the firemen would have to be brought into coverage as a separate group and not as part of a group which includes persons other than firemen.

Coverage for Erroneously Reported Former State or Local Government Employees

The amendments permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to provide retroactive coverage for former employees of the coverage group with respect to earnings that previously had been erroneously reported for them for quarters in the retroactive period, if no refund has been made of the taxes paid on the erroneously reported earnings.

State and Local Employees Receiving Fees

The amendments modify the social security coverage provisions applying to State and local government employees who are compensated solely on a fee basis (such as

constables and justices of the peace). Under present law, fee-basis employees, like other State and local government employees, may be covered only under a State coverage agreement. Under the amendments, in the case of employees who are compensated solely on a fee basis, fees received after 1967 which are not covered under a State agreement would be covered under the self-employment provisions of law, except that people in fee-basis positions in 1968 could elect not to have their fees covered under the self-employment provisions. Under the amendments a State could, as under present law, modify its coverage agreement to provide coverage for fee-basis employees as employees. However, unlike present law, the amendments permit States to remove from coverage under its agreement persons who are compensated solely on a fee basis.

Family Employment

The amendments extend social security coverage to employment performed in the private home of the employer by a parent in the employ of his son or daughter. The employment would be covered if the son or daughter is (a) a widow or widower with a child under age 18 or a disabled child or (b) a person with such a child who either is divorced or has a disabled spouse. The amendments would continue to exclude from coverage employment performed in a private home by a parent when these conditions are not met, employment of a child under age 21 by his parent, and employment of a husband or wife by the spouse.

Employees of the Massachusetts Turnpike Authority

The amendments permit the State of Massachusetts to modify its agreement for social security coverage so as to exclude employees of the Massachusetts Turnpike Authority who are in positions being brought into a new State retirement system.

Children Adopted by Surviving Spouse

The amendments permit a child adopted by a surviving spouse to get benefits even though the adoption is not completed within 2 years after the worker's death, if adoption proceedings had begun before the worker died.

Effective date.—The provision would be effective for monthly benefits for February 1968 based on applications filed in and after December 1967.

Recovery of Overpayments

The amendments authorize the Secretary of HEW to recover overpaid benefits by requiring the overpaid beneficiary or his estate to refund the overpayment or by withholding the benefits payable to him, his estate or to any other person entitled to benefits on the same earnings record. (Under present law, overpayments may be recovered from the overpaid person while he is getting benefits, but recovery may not be made from any other person getting benefits on the same account. There is no specific provision for recovering an overpayment while the beneficiary is alive if he is not getting benefits.)

Benefits Paid on Basis of Erroneous Reports of Death in Military Service

The amendments provide that all benefits paid on the basis of official reports of death in military service issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead is still alive.

Effective date.—The provision will apply to all payments made to payees who get benefits for December 1967 or later.

Underpayments

The amendments provide that amounts due under the supplementary medical insurance program after the beneficiary's death be paid to the person who paid for the serv-

ices, either before or after the beneficiary's death, or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate if there is one.) Otherwise the benefits will be paid under the following uniform order of payment for both cash benefits and part B benefits:

1. Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record.
2. Child entitled to benefits on the same earnings record.
3. Parent entitled to benefits on the same earnings record.
4. Spouse who was neither entitled to benefits on the same earnings record nor living with the individual.
5. Child not entitled to benefits on the same earnings record.
6. Parent not entitled to benefits on the same earnings record.
7. Legal representative of the individual's estate, if any.

Simplification of Benefit Computation

Where wages earned before 1951 are used to compute social security benefits, the amendments allow certain assumptions to be made so that the benefit could be computed by use of electronic data processing equipment.

Definitions of "Widow," "Widower," and "Stepchild"

The amendments provide a change in the definition of "widow," "widower," and "stepchild" so that they will be considered as such for social security purposes if the marriage existed for 9 months, or, in case of death in line of duty in the uniformed service, and in case of accidental death, if the marriage existed for 3 months, unless it is determined that the deceased individual could not have reasonably been expected to live for 9 months at the time the marriage occurred. Under present law a marriage must have existed for 12 months.

Requirements for Husband's and Widower's Insurance Benefits

The amendments eliminate the requirement in present law that a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

Disability Benefits Affected by the Receipt of Workmen's Compensation

The amendments modify the provisions in present law for determining the amount of combined social security and workmen's compensation benefits that can be paid when a disabled worker is eligible under both programs. In cases where social security disability benefits are subject to reduction because the combined benefits would otherwise exceed 80 percent of the disabled worker's average current earnings, the computation of average earnings can include earnings in excess of the annual amount taxable under social security.

Extension of Time for Filing Reports of Earnings

The amendments authorize the Secretary of Health, Education, and Welfare to grant an extension of the time in which a person may file the report of earnings required for retirement test purposes if there is a valid reason for his not filing it on time. Permission to file a late report may be given in advance of the date on which the report is to be filed.

Penalty for Failure to File Timely Reports of Earnings

The amendments eliminate the possibility of imposing on a person, who does not file a timely report of earnings under the retire-

ment test, a penalty which exceeds the amount of benefits which should have been withheld.

Limitation on Payment of Benefits to Aliens Outside the United States

The amendments would modify the provisions of present law under which an alien who is outside the United States for 6 consecutive months has his benefits withheld under certain conditions, so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days within 6 months after he leaves the country.

The amendments add a provision under which generally a person who is not a citizen of the United States is outside the United States for 6 months or more could be paid benefits only if he is a citizen of a country that provides reciprocity under its social security system for the payment of benefits to U.S. citizens who are living outside that country. (Payments would continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

Also, benefits would not be payable to an alien living in a country in which the Treasury has suspended payments. Any amounts currently accumulated for aliens now living in countries where payment cannot be made would be limited to 12 monthly benefits.

Effective date—The provisions will be effective after June 30, 1968.

Advisory Council on Social Security

The amendments modify the provisions of present law relating to the time at which Advisory Councils are appointed and issue reports to provide that the Advisory Councils be appointed at any time after January 31 in 1969 and every 4 years thereafter. As in present law each Council would report to the Secretary not later than the first day of the second year following the year in which it is appointed. The final report of each Council, however, must include any interim reports the Council may have issued.

Disclosure to Courts of Whereabouts of Certain Individuals

The amendments require the Social Security Administration to furnish an appropriate court with the most recent address of a deserting father if the court wishes the information in connection with a support order for a child. Such information would be furnished to both courts in interstate support actions.

Payments to Certain Illegitimate Children

The amendments provide that benefits payable to illegitimate children who become entitled to benefits in the future under a provision contained in the 1965 amendments can not exceed the difference between the total amounts payable to other persons and the family maximum amount. The benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits under the 1965 amendment will not be reduced in the future nor will the benefits payable to persons on the rolls on the effective date of the 1967 amendments be reduced.

Report of Board of Trustees

The amendments change the date on which the annual report of the trustees of the social security trust funds is due from March 1 to April 1. Also, the report is to contain a separate actuarial analysis of the benefit disbursements made from the old-age and survivors insurance trust fund with respect to disabled beneficiaries.

Expedited Benefit Payments

The amendments establish special procedures to expedite the payment of benefits. The new procedures would go into effect after

June 30, 1968, but would not apply to disability benefits or negotiated checks.

Attorney's Fees

The amendments authorize the Secretary of HEW to fix a reasonable fee for the services provided before the Social Security Administration for an applicant for social security benefits by an attorney and to pay such attorney's fee out of past-due benefits. The fee could not exceed the smaller of: (a) 25 percent of the past-due benefits, (b) the fee fixed by the Secretary, or (c) an amount agreed to by the applicant and the attorney.

Exclusion of Emergency Services by State and Local Employees

The amendments would mandatorily exclude from social security coverage services performed for a State or local government by workers hired on a temporary basis in case of emergencies such as fire, storm, flood, or earthquake.

Election Officials and Election Workers

The amendments would permit a State to exclude from social security coverage, prospectively, service performed by election workers and election officials if they are paid, for such services, less than \$50 in a calendar quarter. The exclusion could be taken for the election officials and workers of the State or any of its political subdivisions either at the time coverage is extended to employees of the State or the subdivision or at a later date.

Social Security Tax—Retirement Plans

The amendments exclude from the definition of wages subject to social security taxes certain payments made under plans established by employers and made to the employee or his dependents upon retirement, death, or disability.

Definition of Disability

The amendments provide a more detailed definition of disability for workers than is now in the law. Guidelines would be provided under which a person could be determined to be disabled only if he is unable to engage in any kind of substantial gainful work which exists in the national economy, even though such work does not exist in the general area in which he lives. A special more restrictive definition would apply to widows and widowers.

Definition of Blindness

The definition of disability due to blindness is changed so that a person who is "industrially blind" (i.e., visual acuity of 20/200 or less corrected or a visual field of 20 degrees or less) is disabled rather than one who has visual acuity of 5/200 or less corrected.

Time for Filing Applications for Exemption From Self-Employment Tax by Amish

The amendments permit members of a religious sect which is opposed to social insurance to file an application for exemption from the self-employment tax by December 31, 1968, if the person has self-employment income for years ending before December 31, 1967. If he first receives self-employment income in later years, the application would be timely if filed by the due date for the income tax return for the year in question. However, in these latter cases, the amendment also provides that valid applications may be filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.

Retirement Income of Retired Partners

The amendments provide that certain partnerships income of retired partners would not be taxed or credited for social security purposes.

Hospital Insurance Contributions by Persons Employed Both Under Social Security and Railroad Retirement

The amendments provide that, beginning with 1968, persons employed both under the

social security and railroad retirement programs who pay hospital insurance contributions on combined wages which are in excess of the taxable wage base would be entitled to a refund of the excess contributions.

General Savings Provision

The amendments provide that when an additional person becomes entitled to benefits as a result of the Social Security Amendments of 1967, the benefit paid to any other person on the same account would not be reduced by the family maximum provision because the new person became entitled to benefits.

Health insurance benefits

Payment of Physician Bills Under the Supplementary Medical Insurance Program

Under present law, payment may be made only upon assignment to the physician or to the patient upon presentation of a receipted bill. The amendment would permit payment either to the patient on the basis of an itemized bill (which could be either receipted or unpaid) or to the physician under the present assignment method. This provision would make it possible for patients to pay their medical bills without depleting their savings or resorting to loans.

Payment for Services in Nonparticipating Hospitals

Under existing law payments can be made to participating hospitals and, in an emergency case, to a nonparticipating hospital which met certain standards, only if the hospital agreed to accept the reasonable costs allowed by medicare as full payment for the services rendered.

For the period ending December 31, 1967, the amendment would permit direct reimbursement to an individual who was furnished nonemergency or emergency hospital services in certain nonparticipating hospitals. This transitional coverage would not extend to admissions after 1967. Payment would be limited to 80 percent of the hospital ancillary charges and 60 percent of the room and board charges, for up to 20 days in each spell of illness (subject to the \$40 deductible and other statutory limitations of payment) if the hospital did not formally participate in medicare before January 1, 1969. If it did participate in medicare before that date and if it applied its utilization review plan to the services it provided before its regular participation started, up to the full 90 days of coverage could be reimbursed. Thus, there would be an incentive for nonparticipating hospitals to participate because participation is a condition for covering past services beyond 20 days as well as a condition for future coverage.

A similar provision would continue after January 1, 1968, for emergency care but only as an alternative to the other method of covering such care. Hospitals could apply for payment for a period of up to 150 days, or, if the hospital did not apply, the patient could obtain payment on the basis of 60 percent of room and board charges and 80 percent of ancillary services charges.

A new definition for hospitals eligible under these transitional and emergency care provisions is provided. Under it, a qualifying hospital must have a full-time nursing service, be licensed as a hospital, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. This definition would apply back to July 1, 1966, so that some hospitals which would otherwise be ineligible to receive payment for emergency services may receive such payments in behalf of beneficiaries back to the beginning of the program provided they apply for them. If they do not apply for reimbursement, the patient could be paid under other provisions.

This provision would afford financial relief to those medicare beneficiaries who have received services in certain nonparticipating hospitals starting July 1966, sometimes

entering such hospitals without realizing the services would not be covered under medicare.

Payment Under the Medical Insurance Program for Noncovered Hospital Ancillary Services

The amendments add a provision which permits payment under the medical insurance program for presently noncovered ancillary hospital and extended care facility services, principally X-ray and laboratory services furnished after the patient has been covered for the full period of hospital eligibility. Under prior law if a person is in a hospital or extended care facility qualified to participate under medicare, payment may not be made for services which could be paid for under part B if not received in a qualified hospital or extended care facility. As a result, sometimes the services are not covered under either part B or part A. The amendment will allow payment to be made for services ordinarily not paid for under part B, wherever part A payments could not be made, if the appropriate hospital or independent laboratory standards are met. Payment will be made to participating providers under the usual part B provisions applying to the \$50 deductible and 20 percent coinsurance.

Limitation on Special Reduction in Allowable Days of Inpatient Hospital Services

The limitation on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric hospital at the time he becomes entitled to benefits under the hospital insurance program will be made inapplicable to benefits for services in a general hospital if the services are not primarily for the diagnosis or treatment of mental illness. The amendments also remove tuberculosis hospitals from the provision in present law under which days in a tuberculosis institution immediately before entitlement to hospital insurance are counted against the days of coverage an individual would otherwise have. In effect, the change makes an individual's entitlement to hospital insurance benefits the same if he received hospital services in a tuberculosis hospital as it would be if he received services in a general hospital.

Payment for Blood

The definition of "blood" is broadened to include packed red blood cells as well as whole blood and the application of the 3-pint deductible provision under the hospital plan is also extended to the supplementary medical insurance program.

Services of Podiatrists

The amendments include within the definition of physician a doctor of podiatry, but only with respect to functions he is authorized to perform by the State in which he practices. No payment will be made for routine foot care whether performed by a podiatrist or a medical doctor.

Physical Therapy

The amendments extend the provisions of present law to include outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services as well as approved clinics, rehabilitation centers and local public health agencies. Additionally, the patient would not have to be homebound for the physical therapy services to be covered.

Supplementary Medical Insurance Enrollment Periods

The amendments add a provision, effective January 1, 1969, under which the general enrollment periods of the supplementary medical insurance program will be placed on an annual basis and run from January 1 to March 31, rather than October 1 to December 31 of each odd-numbered year. The Secretary would determine and promulgate during De-

cember of each year the premium rate which would be applicable for a 12-month period to begin the following July 1. When the Secretary promulgates a rate for part B, he also is required to issue a public statement setting forth the actuarial assumptions and bases upon which he arrived at the rate.

Persons wishing to disenroll could do so at any time, but such termination would not take effect until the close of the calendar quarter following the quarter in which the notice was filed.

Additional Days of Hospital Care

Each medicare beneficiary will be provided with a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 for each day would be applicable to such added days of coverage.

Incentive Reimbursement Experimentation

The Secretary of HEW is authorized to experiment with various methods of reimbursement to organizations, institutions, and physicians, on a voluntary basis, participating under medicare, medicaid, and the child health programs which offer incentives for keeping costs of the program down while maintaining quality of care.

Study of Drug Proposals and Retirement Test

The Secretary of HEW is required to study and report to the Congress, prior to January 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under medicare, and (2) a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under the various programs of the Social Security Act. The Secretary is also to study ways to improve the earnings test under social security and the feasibility of increasing payments to those who delay their retirement after age 65.

Physician Certification

The requirement of physician certification of the medical necessity for hospital outpatient services and admissions to general hospitals is removed. Such services and admissions are almost always medically necessary. The change will simplify administration of the program by eliminating unnecessary paperwork.

Transfer of Outpatient Hospital Services to the Supplementary Medical Insurance Program

The amendments transfer hospital outpatient diagnostic services from the hospital insurance program to the supplementary medical insurance program. The effect of the change is that all hospital outpatient benefits will be covered under the supplementary medical insurance program and thus subject to the deductible (\$50 a year) and coinsurance features (20 percent). This provision simplifies the procedure for paying benefits for hospital outpatients by making such payments subject to a single set of rules for determining patient eligibility, patient and medicare liability and trust fund accountability.

Hospital Billing for Outpatient Services

Hospitals will be permitted, as an alternative to the present procedure, to collect small charges (if not more than \$50) for outpatient hospital services from the beneficiary without submitting a bill to medicare. (The amounts collected would be counted as expenses reimbursable to the beneficiary under the medical insurance plan.) The payments due the hospitals would be computed at intervals to assure that the hospital received its final reimbursement on a cost basis. This provision will bring the requirements of the medicare program more closely into conformity with the usual billing practices of hospitals.

Radiologists' and Pathologists' Services

The amendments permit payment of full reasonable charges for radiological or pathological services furnished by physicians to hospital inpatients. Under present law, a 20 percent coinsurance factor is applicable as is also the \$50 deductible if it is not met by other medical expenses. This provision improves the protection of the program as well as facilitating beneficiary understanding. It will simplify hospital and intermediary handling of medicare claims by bringing the requirements of the medicare program more closely in line with the usual billing practices of hospitals and the payment methods of private insurance.

Payment for Portable X-ray Services

The amendments permit payment for diagnostic X-rays taken in a patient's home or in a nursing home. These services will be covered under the supplementary medical insurance program if they are provided under the supervision of a physician and are performed under proper health and safety regulations.

Payment for Purchase of Durable Medical Equipment

The amendments permit payment to be made for durable medical equipment needed by an individual, whether rented or purchased. If purchased, payment would be made periodically in the same amount as if equipment were rented, for the period the equipment was needed but without covering more than the purchase price.

Reimbursement for Civil Service Retirement Annuitants for Premium Payments Under the Supplementary Medical Insurance Program

Federal employee group health benefit plans will be permitted to reimburse certain civil service retirement annuitants who are members of their plans for the premium payments they make to the supplementary medical insurance program.

Date of Attainment of Age 65 of Persons Enrolling in SMI Program

A person over 65, who believes, on the basis of documentary evidence, that he has just reached age 65, will be allowed to enroll in the supplementary medical insurance program as if he had attained age 65 on the date shown in evidence.

Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act

States will be able to receive 75-percent Federal matching for the services which State health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to help those facilities improve their fiscal records for payment purposes. Similar provisions in the medicare program (which finance such service on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

Transitional Provisions for Uninsured Individuals Under the Hospital Insurance Program

A person attaining age 65 in 1968 will be entitled to hospital insurance benefits if he has a minimum of three quarters of coverage (existing law requires six), with the number of quarters of coverage needed by persons who reach age 65 in later years increasing by three in each year until the regular insured status requirement is met.

Appropriation to Supplementary Medical Insurance Trust Fund

Whenever the transfer of general revenue funds to the supplementary medical insurance trust fund (after June 30, 1967) is not made at the time the enrollee contribution is made, the general fund of the Treasury

will pay, in addition to the Government share, an amount equal to the interest, that would have been earned by the trust fund had the transfer been made on time. Also, the contingency reserve now provided for 1966 and 1967 will be made available through 1969.

Health Insurance Benefits Advisory Council

The Health Insurance Benefits Advisory Council will assume the duties of the National Medical Review Committee. The Medical Review Committee, which has not yet been formed, will not be appointed. The Health Insurance Benefits Advisory Council membership is increased from 16 to 19 persons.

Study of Coverage of Services of Health Practitioners

The Secretary of Health, Education, and Welfare, will study the need for, and make recommendations concerning the extension

of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services.

Creation of an Advisory Council to Make Recommendations Concerning Health Insurance for Disability Beneficiaries

The Secretary of Health, Education, and Welfare, will establish an Advisory Council to study the problems relative to including the disabled under the health insurance program, and also any special problems with regard to the costs which would be involved in such coverage. The Council is to make its report by January 1, 1969.

Financing the Social Security and Hospital Insurance Programs

The tax rates and the tax base under present law and under the amendments are shown in the following table:

TAX RATES UNDER PRESENT LAW AND UNDER THE AMENDMENTS

EMPLOYER-EMPLOYEE, EACH

(In percent)

Period	OASDI		HI		Total	
	Present law	Amendments	Present law	Amendments	Present law	Amendments
1968.....	3.9	3.8	0.5	0.6	4.4	4.4
1969-70.....	4.4	4.2	.5	.6	4.9	4.8
1971-72.....	4.4	4.6	.5	.6	4.9	5.2
1973-75.....	4.85	5.0	.55	.65	5.4	5.65
1976-79.....	4.85	5.0	.6	.7	5.45	5.7
1980-86.....	4.85	5.0	.7	.8	5.55	5.8
1987 and after.....	4.85	5.0	.8	.9	5.65	5.9

SELF-EMPLOYED						
Period	OASDI		HI		Total	
	Present law	Amendments	Present law	Amendments	Present law	Amendments
1968.....	5.9	5.8	0.5	0.6	6.4	6.4
1969-70.....	6.6	6.3	.5	.6	7.1	6.9
1971-72.....	6.6	6.9	.5	.6	7.1	7.5
1973-75.....	7.0	7.0	.55	.65	7.55	7.65
1976-79.....	7.0	7.0	.6	.7	7.6	7.7
1980-86.....	7.0	7.0	.7	.8	7.7	7.8
1987 and after.....	7.0	7.0	.8	.9	7.8	7.9

Note: The maximum taxable earnings base under present law, \$6,600, is increased to \$7,800 effective Jan. 1, 1968.

PUBLIC WELFARE AND HEALTH AMENDMENTS

Work Incentive Program for AFDC Families

The amendments establish a new work incentive program for families receiving AFDC payments to be administered by the Department of Labor. The State welfare agencies would determine who was appropriate for such referral but would not include (1) children who are under age 16 or going to school; (2) any person with illness, incapacity, advanced age or remoteness from a project that precludes effective participation in work or training; or (3) persons whose substantially continuous presence in the home is required because of the illness or incapacity of another member of the household. For all those referred the welfare agency will assure necessary child care arrangements for the children involved. An individual who desires to participate in work or training would be considered for assignment and, unless specifically disapproved, would be referred to the program.

People referred by the State welfare agency to the Department of Labor would be handled under three priorities. Under priority I, the Secretary of Labor, through the over 2,000 U.S. employment offices, would make arrangements for as many as possible to move into regular employment and would establish an employability plan for each other person.

Under priority II all those found suitable would receive training appropriate to their needs and up to \$30 a month incentive payment. After training as many as possible would be referred to regular employment.

Under priority III, the employment office would make arrangements for special work projects to employ those who are found to be

unsuitable for the training and those for whom no jobs in the regular economy can be found at the time. These special projects would be set up by agreement between the employment office and public agencies or nonprofit agencies organized for a public service purpose. It would be required that workers receive at least the minimum wage (but not necessarily the prevailing wage) if the work they perform is covered under a minimum wage statute (and in applying the minimum wage law, their welfare grants would be counted). Moreover, the work performed under special projects must not result in the displacement of regularly employed workers and would have to be of a type which, under the circumstances in the local situation, would not otherwise be performed by regular employees.

The special work projects would work like this: The State welfare agency would make payments to the employment office equal to: (1) the welfare benefit the family would have been entitled to, or, if smaller, (2) a portion of the welfare benefit equal to 80 percent of the rates which the individual receives on the special project.

The Secretary of Labor would arrange for the participants to work in a special work project. The amount of the funds paid by him into the project would depend on the terms he negotiates with the agency sponsoring the project. The amount of funds put into the projects by the employment office could not be larger than the funds sent to the Secretary of Labor by the State welfare agency.

The extent to which the State welfare expenditures might be reduced would depend upon the negotiating efforts of the Secretary

of Labor. If he is successful in placing these workers in work projects where the pay is relatively good, the contribution the State must make into the employment pool would be less and there would be a savings to both Federal and State Governments.

Employees who work under these agreements would have their situations reevaluated by the employment office at regular intervals (at least every 6 months) for the purpose of making it possible for as many such employees as possible to move into regular employment.

An important facet of this suggested work program is that in most instances the recipient would no longer receive a check from the welfare agency. Instead, he would receive a payment from an employer for services performed. The entire check would be subject to income, social security, and unemployment compensation taxes, thus assuring that the individual would be accruing rights and responsibility just as other working people do. In those cases where an employee receives wages which are insufficient to raise his income to a level equal to the grant he would have received had he not been in the project plus 20 percent of his wages, a welfare check equal to the difference would be paid. In these instances the supplemental check would be issued by the welfare agency and sent to the worker.

A refusal to accept work or undertake training without good cause by a person who has been referred would be reported back to the State agency by the Labor Department; and, unless such person returns to the program within 60 days (during which he would receive counseling), his welfare payment would be terminated. Protective and vendor payments would be continued, however, for the dependent children to protect them from the faults of others.

The States would have to meet 20 percent, in cash or in kind, of the total cost of the program (excluding amounts paid on special work projects, priority III, which would come from the employer and the transferred welfare payments).

Earnings Exemption

Under the present aid to families with dependent children program, the States, at their option, may disregard not more than \$50 per month of earned income of each dependent child under age 18 but not more than \$150 per month in the same home in computing the family's income for public welfare purposes. The States also have the option of disregarding \$5 of income from any source before applying the child's earned income exemption.

Under the amendments earned income of each child recipient who is a full-time student or is a part time student not working full time, will be excluded in determining need for assistance. In the case of any other child or an adult relative the first \$30 of earned income of the group plus 1/3 of the remainder of such income for the month would also be exempt. The prior provision exempting \$50 a month of a child's income would be superseded by these provisions.

Dependent Children of Unemployed Fathers

The amendments provide that under State programs of aid to families with dependent children of unemployed parents, Federal matching would be available only for the children of unemployed fathers. Under present law States may include children on the basis of the unemployment of mothers, as well as fathers. The amendments also provide that the Secretary will prescribe standards for the determination of what constitutes unemployment. The term is defined by the States under present law.

Under the amendments, State plans would have to provide for the payment of assistance when a child's father has not been employed for at least 30 days prior to receiving aid, if he has not refused a bona fide offer of em-

ployment or training without good cause, and if he has had a recent and substantial connection with the labor force. Assistance would be denied if the father is not currently registered with the public employment office in the State, if he refuses without good cause to undertake work or training, or refuses without good cause to accept employment, or if he is receiving unemployment compensation.

The States would have to refer the fathers to work incentive programs within 30 days after first providing them with welfare assistance.

States which are operating programs for the children of unemployed parents as provided for under present law would not have to add any additional children or families as a result of the new provisions prior to July 1, 1969. However, the amendment establishing criteria for persons covered would be effective January 1, 1968, and no Federal matching would be provided for persons who do not meet these criteria.

Limitation on Federal Matching in AFDC Program

The amendments sets a limitation on Federal financial participation in the AFDC program related to the proportion of the child population under age 18 aided because of the absence from the home of a parent. Federal financial participation would not be available for any excess above the percentage of children of absent parents who received aid to the child population under age 18 in the State as of January 1, 1968.

This limitation will be effective after June 30, 1968.

Federal Payments for Foster Homes Care of Dependent Children

Effective July 1, 1969, States would have to provide AFDC payments for children who are placed in a foster home if in the 6 months before proceedings started in the court they would have been eligible for AFDC if they had lived in the home of a relative. The provision would be optional with the States before July 1, 1969. Under present law, children in foster care are eligible for AFDC payments only if they actually received such payments in the month they were placed in foster care. Federal matching would be available for grants up to an average of \$100 a month per child.

Emergency Assistance

The amendments authorized up to 30 days of emergency assistance during a 12-month period to a child under 21 and his family, but could not be extended to a family for refusal (without good cause) to accept work or training under the work incentive program. This emergency aid could also be extended to migrant workers who have dependent children.

Protective or Vendor Payments

The amendments increase the limitation of recipients for whom protective payments could be made because they were unable to manage their funds from 5 percent to 10 percent but excludes from this overall limitation those recipients for whom such payments have been made because of the refusal without good cause, of an individual to work, register for work, or to participate under a training or work program.

Single Organizational Unit for Child Services

The amendments provide that child-welfare services and services to children receiving AFDC shall be provided by the same organizational unit at the State and local level, except that in those instances where such services were provided by separate State agencies or separate local agencies on the date of enactment of the amendments, they may continue to be provided by such agencies.

Pass Along

The amendments expand the provision enacted in 1965 which allows the State to ex-

empt up to \$5 a month of any type of income in determining eligibility and the amount of assistance. Effective upon enactment, the States would have the option of exempting up to a total of \$7.50 a month for the aged, blind, and the totally and permanently disabled.

Increased Authorizations for Child Welfare Services

The amendments increase child welfare authorizations from \$55 million for fiscal year 1969 to \$100 million, and from \$60 million for later years to \$110 million.

Provision of Family Service State Plan Requirement

There is a provision in present law requiring State welfare agencies to make a plan for providing welfare services for each child in an AFDC family. Under the amendments, the plan must also provide for welfare services for the adults in the family.

Use of Subprofessional and Volunteer Staff

The amendments require States, effective July 1, 1969, to train and use subprofessional staff, with particular emphasis on the use of welfare recipients and other persons of low income, as community services aides for the kinds of jobs appropriate for them in the public assistance, child welfare, and health programs under the Social Security Act. The amendment also directs States to use volunteers in the program both for the provision of services to recipients, and for the assistance of advisory committees.

Parent Involvement in Day Care—Day Care Standards

The amendments add a State plan requirement to the child welfare day-care provisions for development of arrangements for the more effective involvement of parents in day care programs. Also, the day care standards in the child welfare services programs will be made applicable to day care provided to AFDC children.

Repatriation Extension

The amendments extend for 1 year, through June 30, 1969, the temporary legislation which authorizes assistance to needy Americans who have been repatriated to the United States by the Department of State from foreign countries.

Demonstration Projects

Two million dollars annually is currently available to encourage the States to develop demonstrations in improved methods of providing service to recipients or in improved methods of administration. The amendments increase this amount to \$4 million annually.

Payment for Home Repairs

The amendment for the cash public assistance programs, allow 50 percent Federal matching for repairs (up to \$500) of homes owned by recipients if to do so would be more economical from the standpoint of the program.

Purchase of Social Services

The amendments permit the purchase by welfare agencies of child care and other services under the public assistance title of the act. Such services may now be provided by welfare agency staff but existing law does not permit their purchase except from other State agencies.

Social Work Manpower and Training

The amendments authorize \$5 million for the fiscal year ending June 30, 1969, and \$5 million for each of the 3 succeeding fiscal years for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work, or an association of such schools, to meet part of the costs of development, expansion, or improvement of undergraduate programs in social work and programs for the graduate training of professional social work personnel. Not less than one-half of the amount appropriated would have to be used for grants for undergraduate programs.

Location of Absent Parents

The amendments provide that in those instances in which welfare agencies have been unable to locate absent parents of children receiving AFDC through all sources available to them, including records of the Social Security Administration, the Internal Revenue Service will make available any information concerning their whereabouts that it may have.

Limitation on Federal Participation in Medical Assistance (Medicaid)

States will be limited in setting income levels for Federal matching purposes to 133 $\frac{1}{3}$ percent of the AFDC payment level. (For the period July-December 1968, the percentage is 150, and for calendar year 1969 it is to be 140 percent.)

Federal matching for medical care for all those who are receiving or eligible for cash assistance or who would be eligible for cash assistance if not institutionalized, will not be affected under the amendment.

Coordination of Medicaid and the Supplementary Medical Insurance Program

States will have until January 1, 1970 (rather than January 1, 1968) to buy-in title XVIII supplementary medical insurance for persons eligible for Medicaid. Also, people who are eligible for Medicaid but who do not receive cash assistance may be included in the group for which the State can purchase such coverage and persons who first go on the Medicaid rolls after 1967 are also eligible. There is no Federal matching toward the State's share of the premium in such cases. Federal matching amounts will not be available to States for services which could have been covered under the supplementary medical insurance programs but were not as a result of a State's failure to buy in.

Modification of Comparability Provisions—Medicaid

States do not have to include in Medicaid coverage for recipients under age 65 the same services which the aged receive under the supplementary medical insurance program furnished under the buy-in provisions discussed above.

Extent of Federal Financial Participation in State Administrative Expenses—Medicaid

States will get the same 75-percent Federal matching for physicians and other professional medical personnel working on the Medicaid program in the State health agencies which they now get when such personnel work in the "single State agency," usually the public assistance agency. Under present law, matching is 50 percent in such cases.

Advisory Council on Medical Assistance

An Advisory Council on Medical Assistance, consisting of 21 persons from outside the Government, is established to advise the Secretary of Health, Education, and Welfare on matters of administration of the Medicaid program.

Free Choice for Persons Eligible for Medicaid

Effective July 1, 1969 (July 1, 1972, for Puerto Rico, the Virgin Islands, and Guam), people covered under the Medicaid program will have free choice of qualified medical facilities and practitioners, including community pharmacies.

Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act

States will receive 75-percent Federal matching for services which State health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including Medicare, Medicaid, and the child health programs) and to help these facilities improve their fiscal records for payment purposes. Similar provisions in the Medicare program (which finances such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed

effective July 1, 1969, when this provision goes into effect.

Payments for Services and Care by a Third Party—Medicaid

States are required to take steps to assure that the medical expenses of a person covered under the medical program, which a third party has a legal obligation to pay, will not be paid, or, if liability is later determined, that steps will be taken to secure reimbursement.

Medicaid Safeguards

The amendment requires States to establish methods and procedures designed to safeguard against unnecessary utilization of health care and services, as well as to assure that payments (including payments for drugs) do not exceed reasonable charges and that they are made on a basis consistent with efficiency, economy, and quality of care.

Skilled Nursing Home Standards Under Medicaid

States are required, as a condition for participation in the medical program, to place assistance recipients only in those licensed nursing homes which meet certain conditions. The conditions include requirements which relate to environment, sanitation, and housekeeping now applicable to extended care facilities under medicare, as well as fire safety standards of the life safety code of the National Fire Protection Association (unless the Secretary finds that a State's existing fire code is adequate).

States will also have to have a professional medical audit program under which periodic medical evaluations of the appropriateness of care provided title XIX patients in nursing homes, mental hospitals, and other institutions will be made.

Effective July 1, 1970, States which provide skilled nursing home care under medical will also be expected to provide home health care services.

Federal Matching for Assistance Recipients in Intermediate Care Facilities

Under current law, vendor payments may be made with Federal sharing only in behalf of persons in medical facilities, such as skilled nursing homes. There is no Federal vendor-payment matching for people who need institutional care in the intermediate range between that which is provided in a boarding house (for which eligible persons may receive a money payment under the money payment programs), and those who need the comprehensive services of skilled nursing homes.

The amendments provide for vendor payments in behalf of persons who qualify for OAA, AB, or APTD, and who are living in facilities (including a Christian Science sanitarium) which are more than boarding houses but which are less than skilled nursing homes. The rate of Federal sharing for payments for care in those institutions is at the same rate as for medical assistance under title XIX. Such homes will have to meet safety and sanitation standards comparable to those required for nursing homes in a given State.

This provision should result in a reduction in the cost of title XIX by allowing States to relocate substantial numbers of welfare recipients who are now in skilled nursing homes in lower cost institutions.

Maintenance of State Effort

Present law contains certain provisions which in effect require that the additional Federal dollars States received as a result of the Social Security Amendments of 1965 are passed on to recipients or are otherwise used in the State's welfare program, for a period ending July 1, 1969. The amendments adds to the kinds of expenditures States may count (from July 1, 1966) in determining whether they are satisfying the maintenance of effort provisions. The maintenance of effort provision as amended would terminate July 1, 1968.

Direct Billing—Medicaid

Under present law, States are required to pay for health services under medical assistance programs directly to the provider of the services. Under the amendment, States will be permitted to make a direct payment to the recipient for physicians' and dentists' services with respect to those medical assistance recipients who are not also receiving cash assistance.

Required Services Under Medicaid

States now have to provide, as a minimum, five basic services: Inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physician's services. States may select a number of other items of service from an additional list in the law.

Under the amendments States will be required to provide the basic five services for all money payment recipients (the most needy receiving help under the program). With respect to the medically indigent, States would be allowed to select either the first five, or seven out of 14, services authorized under the law, except that if nursing home or hospital care services are selected, a State must also provide physician's services in those institutions. Subsequent to July 1, 1970, a State would also be required to provide home health services for its cash assistance recipients.

Christian Scientists—Health Programs

The amendments add a provision to the medical assistance (title XIX) and the child health programs (title V), making it clear that no provision in such titles requires an individual to undergo medical screening, diagnosis, or treatment, where contrary to his religious belief, except in cases involving contagious disease or environmental health.

Hospital Deductibles and Copayment for Medically Indigent

Under present law, States may not impose any deductibles or cost sharing provisions with respect to hospital care under the medical program. Under the amendments, the costs of hospital care received by the medically needy will be subject to deductibles or other cost sharing if a State desired to have such provisions in its program. No such deductible or cost sharing could be imposed with respect to money payment recipients, as under existing law.

Essential Person—Medicaid

The amendments extend medical assistance to certain "essential persons." At present there is no provision in title XIX which permits a State to receive Federal matching for medical assistance provided for "essential persons." An "essential person" is defined as the spouse to an aged, blind, or disabled public assistance recipient who is living with him, and essential or necessary to his welfare and whose needs are taken into account in determining the amount of his cash payment. The wife of an OAA recipient, for example, who herself is not eligible for cash assistance because she is under age 65 will be eligible for medical assistance if the State plan so provided.

Licensing of Nursing Home Administrators Under Medicaid

The amendments require States to license administrators of nursing homes. Administrators currently operating a home who do not qualify initially would have until July 1, 1972, to qualify. In the meantime, the States would be required to offer programs of training to assist administrators to qualify.

Optometric Services Under Child Health Programs

Persons receiving health services under child health programs will be free to utilize the services of optometrists when appropriate.

Family Planning

Family planning expenditures are now

made under the maternal and child health program in title V and through medical assistance under title XIX, as a medical services expenditure. States are free to offer family planning services to AFDC recipients under title IV, but there are no Federal requirements. Under the amendments, States will be required to offer family planning services to all appropriate AFDC recipients. Federal matching of these expenditures will be provided. In addition, authorizations for the maternal and child health programs are increased, and 6 percent of the appropriated funds are earmarked for family planning. (An estimated \$15 million would be spent for that purpose under the 1969 authorization, with increases thereafter). Demonstration projects would need to be developed for the provision of family planning services for mothers in needy areas.

Language is included to clarify that the acceptance of family planning services is voluntary and not a requisite for the receipt of assistance.

Training of Personnel for Health Care and Related Services for Mothers and Children

The amendments will direct the Secretary of Health, Education, and Welfare "to give special attention to" programs providing training at the undergraduate level in making grants for training of such personnel.

Consolidation and Increase of Child Health Authorizations

The amendments consolidate the existing separate child health authorizations into one single authorization with three general categories. Beginning with 1969, 50 percent of the total authorization would be for formula grants, 40 percent for project grants, and 10 percent for research and training. By July 1972 the States would have to take over the responsibility for the project grants, and 90 percent of the total authorization would then go to the States in the form of formula grants. Total authorizations would increase from \$250 million in 1969 to \$350 million in 1973 and thereafter.

Additional Requirements on the States Under the Formula Grant Program—Child Health

State plans must provide for the early identification and treatment of crippled children. Title XIX is amended to conform to this requirement. The States must also devote special attention to family planning services and dental care for children in the development of demonstration services.

Project Grants—Child Health

Until July 1972, the amendment authorizes project grants (1) to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing, and to help reduce infant and maternal mortality; (2) to promote the health of children and youth of school and preschool age; and (3) to provide dental care and services to children. Beginning July 1972, responsibility for these projects will be transferred to the States.

The fiscal year 1968 authorization for maternity and infant care special projects grants is increased from \$30 to \$35 million.

Limitation on Federal Matching for Puerto Rico, Guam, and Virgin Islands

The dollar limit for Federal financial participation in public assistance for Puerto Rico is raised from the present \$9.8 million to \$12.5 million for 1968, \$15 million for 1969, \$18 million for 1970, \$21 million for 1971 and \$24 million for 1972 and thereafter. Up to an additional \$2 million can be certified for family planning services and expenses to support work incentive programs.

Under medical an overall dollar limit of \$20 million is applicable to Puerto Rico and the ratio of Federal matching is changed from 55 percent to 50 percent.

Proportionate adjustments are made for Guam and the Virgin Islands.

TABLE 1.—COMPARISON OF MONTHLY CASH BENEFITS UNDER PRESENT LAW AND UNDER H.R. 12080 AS AGREED TO BY THE CONFERENCE COMMITTEE

Average monthly earnings after 1950	\$67 or less		\$150		\$250		\$300		\$350		\$400		\$550		\$650 ¹ — H.R. 12080
	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	
1. Retirement at 65 or disability benefit.....	\$44.50	\$55.00	\$78.20	\$88.40	\$101.70	\$115.00	\$112.40	\$127.10	\$124.20	\$140.40	\$135.90	\$153.60	\$168.00	\$189.90	\$218.00
2. Retirement at 62.....	35.20	44.00	62.60	70.80	81.40	92.00	90.00	101.70	99.40	112.40	108.80	122.90	134.40	152.00	174.40
3. Wife's benefit at 65 or with child in her care.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	² 105.00
4. Wife's benefit at 62.....	16.50	20.70	29.40	33.20	38.20	43.20	42.20	47.70	46.60	52.70	51.00	57.60	63.00	71.30	78.80
5. 1 child of retired or disabled worker.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	109.00
6. Widow, 62 or older.....	44.00	55.00	64.60	73.00	84.00	94.90	92.80	104.90	102.50	115.90	112.20	126.80	138.60	156.70	179.90
7. Widow at 60, no child.....	38.20	47.70	56.00	63.30	72.80	82.30	80.50	91.00	88.90	100.50	97.30	109.90	120.20	135.90	156.00
8. Disabled widow at age 50.....	33.40	33.40	44.50	44.50	57.60	57.60	63.60	63.60	70.30	70.30	76.90	76.90	84.00	95.00	109.10
9. Widow under 62 and 1 child.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
10. Widow under 62 and 2 children.....	66.00	82.50	102.00	132.60	202.40	202.40	240.00	240.00	279.60	280.80	306.00	322.40	368.00	395.60	434.40
11. 1 surviving child.....	44.00	55.00	58.70	66.30	76.30	86.30	84.30	95.40	93.20	105.30	102.00	115.20	126.00	142.50	163.50
12. 2 surviving children.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
13. Maximum family benefit.....	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	280.80	280.80	309.20	322.40	368.00	395.60	434.40
14. Maximum lump-sum death payment.....	132.00	165.00	234.60	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00

¹ Maximum AME under H.R. 12080.² Maximum wife's benefit.

Source: Social Security Administration.

TABLE 2.—MAXIMUM CONTRIBUTION AMOUNTS UNDER AMENDMENTS—OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

Calendar year	OASDT		Health insurance		Total		Calendar year	OASDT		Health insurance		Total	
	Previous law	1967 amend-ments	Previous law	1967 amend-ments	Previous law	1967 amend-ments		Previous law	1967 amend-ments	Previous law	1967 amend-ments	Previous law	1967 amend-ments
Employee							Self-employed						
1967-----	\$257.40	\$257.40	\$33.00	\$33.00	\$290.40	\$290.40	1967-----	\$389.40	\$389.40	\$33.00	\$33.00	\$422.40	\$422.40
1968-----	257.40	296.40	33.00	46.80	290.40	343.20	1968-----	389.40	452.40	33.00	46.80	422.40	499.20
1969-70-----	290.40	327.60	33.00	46.80	323.40	374.40	1969-70-----	435.60	491.40	33.00	46.80	468.60	538.20
1971-72-----	290.40	358.80	33.00	46.80	323.40	405.60	1971-72-----	435.60	538.20	33.00	46.80	468.60	585.00
1973-75-----	320.10	390.00	36.30	50.70	356.40	440.70	1973-75-----	462.00	546.00	36.30	50.70	498.30	596.70
1987 and after-----	320.10	390.00	52.80	70.20	372.90	460.20	1987 and after-----	462.00	546.00	52.80	70.20	514.80	616.20

Source: Chief Actuary, Social Security Administration.

TABLE 3.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER AMENDMENTS

[In millions of dollars]

Item	1968	1969	1972	Item	1968	1969	1972
General benefit increase.....	2,529	3,190	3,604	Disabled widow's benefits at age 50.....	50	63	73
Benefit increase for transitional insured.....	6	7	5	Earnings test liberalization.....	140	221	244
Benefit increase for transitional noninsured.....	43	43	25				
Liberalized benefits with respect to women workers.....	73	90	101	Total.....	2,901	3,686	4,129
Special disability insured status under age 31.....	60	72	77				

Source: Chief Actuary, Social Security Administration.

TABLE 4.—COMPARISON OF CONTRIBUTION INCOME AND BENEFIT OUTGO UNDER PRESENT LAW AND UNDER AMENDMENTS, OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

[In billions of dollars]

Calendar year	Contribution income	Benefit outgo	Excess of contributions over benefits	Calendar year	Contribution income	Benefit outgo	Excess of contributions over benefits
Present law				Amendments			
1967.....	28.5	24.2	4.3	1968.....	31.0	28.3	2.7
1968.....	19.6	25.5	4.1	1969.....	35.2	30.4	4.8
1969.....	33.7	26.9	6.8	1970.....	36.8	31.8	5.0
1970.....	35.2	28.2	7.0	1971.....	40.8	33.3	7.5
1971.....	36.2	29.4	6.8	1972.....	42.5	34.7	7.8
1972.....	37.2	30.8	6.4				

Source: Chief Actuary, Social Security Administration.

TABLE 5.—DETAIL OF PUBLIC WELFARE AND CHILD HEALTH COSTS AGREED TO BY THE CONFERENCE COMMITTEE

[In millions of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972		Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
Public assistance:						Decreases in the bill—Continued					
AFDC costs if there is no change in present law ¹	1,462.0	1,555.0	1,647.0	1,741.0	1,837.0	Restrictions on title XIX.....	-----	-329.0	-678.0	-1,037.0	-1,405.0
Title XIX costs if there is no change in present law ²	1,391.0	1,913.0	2,289.0	2,690.0	3,118.0	Decreases in public assistance due to social security benefit increase.....	-15	-65.0	-70.0	-75.0	-75.0
All other public assistance costs if there is no change in present law ³	1,647.0	1,700.0	1,725.0	1,750.0	1,776.0	Federal participation in cost on care in "Intermediate care facilities".....	-----	-10.0	-20.0	-29.0	-29.0
Subtotal, present law.....	4,500.0	5,168.0	5,661.0	6,181.0	6,731.0	Subtotal decreases.....	-15	-415.0	-831.0	-1,286.0	-1,766.0
Increases in the bill:						Net cost of savings due to public assistance amendments.....	-35	-149.7	-388.0	-639.3	-766.5
Day care.....	(*)	35.0	80.0	160.0	350.0	Total public assistance as amended by bill.....	4,535	5,018.3	5,237.0	5,541.7	5,954.5
Other social services.....	(*)	35.0	70.0	100.0	125.0	Child welfare:					
Earnings exemptions.....	(*)	20.0	25.0	30.0	35.0	Present law.....	55	55.0	60.0	60.0	60.0
Work training.....	30	129.0	165.0	209.0	308.0	Increase for child welfare services.....	-----	45.0	50.0	50.0	50.0
Foster care.....	(*)	10.0	20.0	33.0	40.0	Increase for child welfare research.....	-----	5.0	10.0	15.0	15.0
Emergency assistance.....	(*)	10.0	20.0	35.0	35.0	Subtotal, increases.....	-----	50.0	60.0	65.0	65.0
Puerto Rico, et al.....	(*)	7.8	11.0	14.2	17.5	Social work manpower.....	-----	5.0	5.0	5.0	5.0
Demonstration projects.....	(*)	2.0	2.0	2.0	2.0	Net public welfare cost or savings in bill.....	35	-94.7	-323.0	-569.3	-706.5
Additional child health requirements in title XIX.....	-----	-----	30.0	40.0	50.0	Child health:					
OAA, AB, APTD spouses under Medicaid.....	(*)	14.0	15.0	16.0	17.0	Authorizations in bill.....	203	250.0	275.0	300.0	325.0
Medical review program for nursing homes.....	-----	2.5	5.0	7.5	10.0	Authorization in present law.....	198	210.5	225.5	225.5	225.5
Subtotal, increases.....	450	265.3	443.0	646.7	989.5	Increase in bill.....	5	39.5	49.5	74.5	99.5
Decreases in the bill:											
AFDC limitation.....	-----	-----	-----	-----	-----						
AFDC reductions for persons trained.....	-----	-11.0	-63.0	-145.0	-257.0						

¹ Assumes annual increase in the rolls of about 200,000, based on the experience of the past several years; allows increase of \$1 each year in the average monthly payment per recipient, in line with recent experience.

² Includes all medical vendor payments; assumes 5-percent annual increase in unit costs after 1968.

³ Assumes continued decline in number of old-age assistance and aid to the blind recipients, and

continued increase in aid to the permanently and totally disabled, based on experience; allows increases for average payments.

⁴ 1968 cost of \$20,000,000 related to these items undistributed.

Note: Costs are based on 1968 prices except as noted in assumptions.

Source: U.S. Department of Health, Education, and Welfare.

TABLE 6.—WORK TRAINING IMPACT OF WORK INCENTIVE PROGRAM

Fiscal year	Work training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) ¹	Full-time job placements after training (thousands)
1968.....	\$30	-----	27	-----
1969.....	² 129	-11	110	13
1970.....	165	-63	150	55
1971.....	209	-145	190	75
1972.....	308	-257	280	95
Total.....	841	-476	757	250

¹ Does not include recipients on priority III work projects.

² Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

Source: U.S. Department of Labor.

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Source: U.S. Department of Labor.

Mr. LONG of Louisiana. Mr. President, I believe we have worked the drug matter out in a way which the Senate might find more acceptable than that which we might have had to agree to.

While the Senate conferees receded on most of the detailed provisions of the Senate's drugs amendment, we were nonetheless partially successful in our efforts. The House conferees acknowledged the need for the Federal Government to exercise much tighter supervision over payments for drugs under the welfare programs.

More specifically, the conference bill contains a modified amendment which requires the States to establish methods and procedures designed to assure that payments for drugs under Medicaid are made on a basis "consistent with efficiency, economy, and quality of care." These methods and procedures are required to be approved by the Secretary of Health, Education, and Welfare.

It is perfectly conceivable for the Secretary to find that a State cannot provide drugs on an "efficient, economical basis, consistent with quality of care" unless that State employs a drugs formulary system. Furthermore, the Secretary could similarly find that emphasis upon providing drugs on a generic basis was also necessary to achieve the purposes of these new provisions in the law.

The only restriction upon the Secretary is that he not engage in "price fixing of drugs." This is perfectly all right. Price fixing has traditionally been the

prerogative of the drug manufacturers. The Senate amendment, which I sponsored, contained absolutely nothing which would fix drug prices. Our amendment would simply have set a limit upon the amount of Federal matching funds which would be available toward whatever price had been established by a manufacturer for his drug products. He fixes the price—not the Federal Government.

The House, furthermore, accepted that portion of the Senate amendment which provides for "freedom of choice of community pharmacies" under Medicaid. This means that a welfare patient will be able to get his prescription filled at any drugstore willing to meet the cost and service requirements of a given State. This important provision will help put an end to the "sweetheart" arrangements under which a single drugstore sometimes might get all of the welfare business—despite the fact that other drugstores in the community were perfectly willing to fill those prescriptions at the same price and under the same conditions as the so-called sweetheart.

Additionally, the House agreed to require the Secretary of Health, Education, and Welfare to study and report back, within 1 year, on proposals designed to reduce welfare and Medicare drug costs as well as on proposals to provide coverage of prescribed drugs under part B of Medicare. This is basically the Hartke amendment, but it was broadened so as to include other drug proposals, including that passed by the Senate.

Mr. President, I am not satisfied with what the conference did on drugs. We made some—but not enough—progress. I do want to thank all of those Senators who fought so hard to help bring some commonsense into the way the Federal Government pays for drugs under the welfare program. We all want drugs of proper quality at the most economical price—anything less is a disservice to the American people. I want to assure Senators that we will continue to battle for the objectives of the amendment passed by the Senate. I believe we will return to this “good fight” next year, stronger, and joined by more of our colleagues—in both Houses of the Congress—and that we will eventually prevail all the way.

In speaking on the subject of drugs, I should like to have the attention of the Senator from Tennessee [Mr. GORE], particularly, to express my gratitude to him, as one of the conferees, for the magnificent fight he made to make sure that we prevailed in substantial degree with regard to the Senate position on drugs—to keep the cost of those drugs within reason.

I recall so well that the former Senator from Tennessee, Estes Kefauver, stood in this Chamber and fought his heart out, year in and year out, trying to do something about the mischief in which some drug manufacturers were engaging—overpricing their products and preventing the public from obtaining those products at a reasonable price.

I recall so well the severe disappointment it was to former Senator Kefauver that his efforts to subpoena some drug companies to appear and testify at hearings was frustrated by the Judiciary Committee, when the majority of its members declined to go along with a subpoena which would have ordered them to testify.

Now I would say that, in the tradition of Senator Kefauver, another of Tennessee's Senators is fighting diligently and zealously to try to see to it that the old people in this country do not have to pay too much for drugs, and also to protect the taxpayers.

Mr. GORE. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. GORE. I should like to say to the Senator from Louisiana that I do not feel I am entitled to any credit for leadership in this field. That leadership is clearly in the hands of the junior Senator from Louisiana [Mr. LONG].

I think that the provision in the conference report, in this regard, is one of the real legislative achievements of the year. It is not only one of the victories which the Senate conferees won in conference with the other body; it is also the real legislative achievement of the year.

As the Senator from Louisiana knows, there have been many instances of charges for drugs with trade labels running several times the real cost of the generic drug involved.

Before I ask the Senator from Louisiana one question and make reference to something else, would the Senator mind reading the provision in the report which gives to the Secretary of Health, Educa-

tion, and Welfare the jurisdiction and authority in this field?

Mr. LONG of Louisiana. I shall be glad to do so. It reads:

The conference agreement contains the Senate provision, and adds a requirement that methods and procedures must also be provided to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care. It is the understanding of the conferees for the House that this provision does not authorize price fixing of drugs by the Secretary of Health, Education, and Welfare.

The new language, just added, reads:

... that methods and procedures must also be provided to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care.

That goes a little further than just on drugs. The chairman of the House conferees, Representative MILLS, was aware of the fact that, in some areas, doctors have been known to get together for the purpose of making up a ridiculously high minimum fee schedule.

Mr. GORE. Is it not a fact, as revealed to the conference committee, that in some areas in the State of New York office calls by old people under medicare had been increased by 500 percent, and that there was a special list of charges which would be made against them. In other words, the fee for an office call jumped in 1 year from \$5 to \$25.

Mr. LONG of Louisiana. Yes; that is correct. Of course, when that sort of thing happens, it runs up the cost of the program.

Mr. GORE. Is it not one of the purposes of the provision which the Senator has just read to vest in the Secretary of Health, Education and Welfare the power and the authority to approve or disapprove plans on the basis of reasonableness of cost consistent with economy of operation?

Mr. LONG of Louisiana. Yes. That is the way it was meant to be. The costs that are now being paid have become tremendous, and the patient receives no additional service. Thus, we have provided that the Secretary of Health, Education and Welfare, where he did not have the authority in this matter, now has the authority and the duty to require that the States, under their plans, must resist that kind of unnecessary charging of old people which, of course, is a very great burden on the program.

Mr. GORE. In case my remarks should be considered prejudicial to any particular State, let me say that New York is not the only State in which an exorbitant schedule of fees has been uncovered; although I think that under present law, the Secretary of Health, Education and Welfare should have taken some steps in that regard. But unquestionably we have one good provision; namely, the legislative authority for him to deny a plan that permits such outrageous charges as \$25 for a simple office call by older people who are in want and need.

Mr. LONG of Louisiana. Exactly. Let us understand each other. I have many

good friends who are doctors. I am happy to say that my daughter is married to a man whose father is a doctor. Many of my relatives have been doctors. I have the highest regard for them. We do not propose to tell them what their fees shall be; but if a doctor charges a fee of, let us say, \$2 for an office call for the average citizen, or \$5 for an average call, and then proceeds to charge a \$25 minimum fee for an aged person because the Government is going to pay the fee, that is not fair to the taxpayers, and neither is it fair to the older people.

Thus, we seek to get at that problem as well as the problem of the overpriced drugs.

Mr. GORE. The Senator affirms what I know to be the case, as well as the sentiments of the conferees on the part of both the House and Senate, that this provision goes not only to the unreasonable cost of drugs, but also to the unreasonable cost of the schedule of fees of paying the hospital, of paying the doctor, or of other costs which the Federal Government must pay.

Mr. LONG of Louisiana. The Senator from Tennessee is correct.

Mr. GORE. I thank the Senator. I wish to say again that I regard this provision as one of the legislative achievements in the bill. The Senator may recall that I took a part in the enactment of Medicare. I have taken a part in the enactment of social security improvements, even of medicare. But unless we have a yardstick of reasonableness as to cost, there is a danger that the whole program can be broken down.

So in the interest of the soundness, the efficiency, and the economy of the program, it is necessary to write into the law the power to fix a yardstick of reasonableness as to cost. I thank the Senator from Louisiana for taking the lead.

I should say that the chairman of the House Committee on Ways and Means recognized, in conference, the necessity of doing something with respect to the reasonableness of the cost of drugs. But I am privileged to say that it was the chairman of the House Committee on Ways and Means, Representative MILLS, who brought up instances of unreasonable professional fees. It was at his instance that we compromised on a provision that went further in some respects than the provision the junior Senator from Louisiana had offered, and includes a much more reasonable cost.

Mr. LONG of Louisiana. So in some respects we got even more than we tried to get, even though we did not actually get all that we had hoped for. In the long run we might actually have ended with something better than we had hoped to get. I am very much pleased.

So that there will be no misunderstanding, and because some persons might seek to create the impression that the chairman of the House Committee on Ways and Means is an arrogant, unreasonable, unbending person, may I say that no one, in my judgment, could be farther from the truth than to suggest such a thing.

As a practical matter, when the chairman of that committee has taken his position, even to the extent that he might have frustrated the President of the

United States on a number of occasions, such as the first time we went to conference on a medicare bill—as the Senator from Tennessee so well knows. After the Senator had fought so ably on the floor of the Senate and prevailed, the bill died in conference. When the chairman of the Committee on Ways and Means has taken a sound position and has declined to retreat, he has usually done so because he has felt that that was what the House wanted. The vote in the House in this instance reflects the feelings of the Members of the House and how far the House is willing to go.

In this particular matter, I have grave doubts whether we could have done anything in the area of unreasonable drug costs or unreasonable doctors' fees without the leadership, prestige, and respect that the chairman of the House Committee on Ways and Means, the Honorable WILBUR MILLS, enjoys in that body; just as I presently believe there will not be any major tax bill unless that distinguished chairman and highly regarded Member of the House should decide that his duty and conscience require him to take the lead and prevail upon the Members of the House to see it his way and to act in his way. I am not saying that he should or should not.

In this particular case, the chairman of the House Committee on Ways and Means was feeling the pulse, and he knew how far the House was willing to go. My impression is that the chairman of the House conferees was willing to be reasonable with us in deciding which of the Senate amendments the House conferees would take. But where the House backed off onto high ground and would not yield at all, it was on the general principle that it was not willing to put this program on a basis that was not actually sound and was not willing to permit the welfare program to become an irresponsible, wasteful, inefficient proposition, one which would be a disgrace to the country.

In those areas where they felt very strongly about it, where they had held lengthy hearings and their own studies proved their case, they were not going to yield. But I do think that, insofar as money was available and we had the votes for it, the House conferees were willing to deal with those provisions, assuming the money was there to pay for it.

Mr. GORE. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. GORE. The Senator will recall that there was strong resistance on the part of the conferees representing the House to accept any provision with respect to excessive costs of drugs. The Senator will recall that the House Members took the position that it had never been the subject of legislation in the House, that it had never had a committee hearing or a vote on the floor, and therefore they did not wish to deal with it.

The Senate conferees, on the other hand, insisted that the Senate had not only a legislative history, but a long history of legislative effort in this field, and that after committee hearings and after a rollcall vote, we finally had brought to the conference a serious proposal to regulate excessive costs, which should not

rightly be placed upon these programs and upon the American taxpayer.

The House finally yielded with a compromise, and we sought in the compromise to give to the Secretary the authority, which I have already indicated, to prevent excessive cost not only with respect to drug and professional fees, but other excessive costs.

Mr. LONG of Louisiana. The Senator is correct.

Permit me to say further that I have been in the Senate for some time. This is my 19th year of service here. It has been my privilege to serve on the Committee on Finance for a number of years and to be one of the conferees on the part of the Senate. In years gone by I have seen some magnificent bills which should have become law die because the conferees were not able to move closely enough together to resolve differences between the House and the Senate.

I recall so well two conferences in which the Senator from Tennessee worked diligently with me and others. One was a bill to provide medicare and the other to provide a cost-of-living increase in social security. I believe I was the only Senator who was against adjourning the Senate that year because to me it was a tragedy that we did not act to help the aged people who needed it. It served the purpose. The issue went to the people. The people voted for Lyndon Johnson, who was for medicare; and they voted against Senator Goldwater, who had taken a position against the medicare provision.

The same House conferees who had stood firmly against medicare then proceeded to take the lead in passing the bill, on the ground, apparently, that it was what the people wanted and indicated in their decision at the polls.

Then, we had a bill which could have been a landmark bill with regard to unemployment insurance. We wanted to be sure there would be minimum standards in State insurance plans. We went to conference on it. The Senator from Tennessee was one of the conferees. We made every effort to persuade the House members. They would not yield for a moment. Their view was that the House was not willing to put any Federal standards in that program. So what happened was zero. Even the House bill was a good bill. The Senate bill was a much better bill. But the work of both Houses went for naught and the unemployed workers did not get the improved program which they had a right to expect.

Those kinds of frustrations we must seek to avoid. I would hope that Senators who, like myself, saw some of their amendments go down to defeat when the conference was concluded, will keep in mind that there will be another day; that with it all this is the biggest increase in cash payments under social security ever voted by the House or the Senate.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. WILLIAMS of Delaware. I shall discuss this conference report in detail later, but first I wish to say that I think the Senator has done an excellent job in describing this report of the conferees.

I agree with him that Representative MILLS and the House conferees took the only position they thought could be sustained on the floor of the House. The rollcall vote in the House today showed that they were correct in analyzing the sentiment there.

The Senator from Louisiana mentioned the contribution the chairman of the House Ways and Means Committee made in getting written into the bill a provision under which HEW can approve or disapprove plans under medicare or title 19 which he thinks are excessive in cost as to doctors' fees and other charges.

The Senator will recall that it was the unanimous opinion of the conferees that the existing law already provided such authority; however, the Department was interpreting it otherwise. It was upon Chairman MILL's recommendation that we spell out in the law that authority which had previously been included in the House report at the time medicare was first enacted.

However, now there can be no question but that they have the authority to reject a plan submitted by a State agency or any group.

I think it should be pointed out that during this conference the House accepted scores of amendments which the Senate had adopted. At the same time we lost a lot of Senate amendments, some of which the Senator from Louisiana was the author. We lost an amendment or two of which I was the author. In fact, I do not think there was a single conferee who did not lose some of his amendments in this conference. That was to be expected on a bill of this size.

Mr. LONG of Louisiana. At least some of them.

Mr. WILLIAMS of Delaware. Likewise we lost other amendments which had been approved by the Finance Committee and the Senate as a whole. However, the position of the House conferees was that the only bill they could get approved by the House was one that held the tax base not to exceed \$7,800. They could not go beyond that.

This meant that the benefits would have to be brought down to a level so that we could be assured the social security fund would be actuarially sound.

In doing this, the bill still provides a 13-percent increase in benefits for all.

Those social security beneficiaries who are today receiving the minimum will get a 25-percent increase.

The retirement income test is raised under this bill from the present rate of \$1,500 to \$1,680.

Many other additional benefits appear under the medicare and welfare sections, at the same time certain glaring abuses under both these latter two programs are corrected.

This is a good bill, one that is fair to the social security beneficiaries, and at the same time it has given consideration to the plight of the wage earner who pays this tax.

The Senate conferees brought back the best bill we could get. I think we brought back a good bill, one which should be and will be approved by the Senate by an overwhelming vote. In fact, I predict that after all the arguments have been made even those Members who appear to be

unhappy with the report today will be voting for the conference report when the roll is called. I yield the floor.

Mr. LONG of Louisiana. Mr. President, in a very real sense the honor of the Senate is at stake in the action we take on this legislation. The whole Nation is watching to see if this body really intends to go back on a promise made to the Nation's sick, poor, and aged. Is this body going to sacrifice the well-being of millions of needy people by rejecting this conference report. I am confident that when the roll is called the Senate will not be found wanting.

Mr. CURTIS. Mr. President, I urge that the conference report be agreed to.

I do not take that position because of the feeling that, if we do not agree to it, there will be no legislation in the 90th Congress. I urge its adoption because I think it is a good bill, and merits the support of everyone who reads it.

On the other hand, I am satisfied that if this conference report is rejected, there will be no social security legislation in the 90th Congress. But this is a very good bill, and I intend at this time to summarize some of its features, for there will be many Senators who will have an opportunity, before we convene again in the morning, to read the RECORD.

In the first place, this bill carries the largest dollar increase in benefits that has ever been granted. Average benefits will be increased by 13 percent, the minimum benefit by 25 percent, effective by March next year. It will benefit 22.9 million people; and the total amount of the annual increase is over \$3 billion.

The conference report also increases the amount of wages that a beneficiary can earn and still be eligible for retirement benefits. I realize there are many people who would like to have no limit. There are others who would like to have the maximum figure raised higher than it is from the present limit of \$1,500 to \$1,680 before any reduction of benefits occurs. However, the fact remains that social security is financed on the basis that retirement is one of the tests. At the present time, a retiree can earn only \$125 a month without having his social security adversely affected. That figure is now raised to \$140 a month. This provision will benefit 760,000 people.

A liberalization is provided in reference to disabled widows and widowers. This provision will work to the benefit of 65,000 such persons, and amounts to about \$60 million in increased benefits.

The bill provides that a child shall be considered a dependent of a mother under the same conditions as the existing law considers a child dependent upon the father; 175,000 children will benefit from that provision.

If a person becomes totally disabled while very young, this bill makes provision for him to qualify as having an insured status much better than that provided in the present law.

A vote for this conference report will be a vote for a material benefit for all of the men in our Armed Forces. Some years ago, it was provided that a member of our Armed Forces shall have social security coverage to the extent of his base pay. This conference report fixes the serviceman's coverage as his base pay

plus increments of \$100 a month, in order to bring his average wage for coverage up to a higher point.

There are quite a number of other improvements which I shall not take time to enumerate, but shall mention only a few.

For example, the conference report provides that a child adopted by a surviving spouse may qualify for benefits, even though the adoption is not completed within 2 years after the death of the worker, as the present law provides. The only requirement is that the adoption proceedings must have been initiated prior to the death of the worker.

A remedy for the distribution of underpayments will favorably affect 300,000 cases.

The definition of the term "widow" is materially changed. Under existing law, a case arose where a serviceman was married, was immediately shipped out for Vietnam, and lost his life. He had not been married long enough for his widow to qualify for a mother's benefit under social security, yet he had given his life for his country. The bill provides for a lesser required duration of the marriage for an individual in the unformed services of our country as a prerequisite to qualifying for such benefits.

Another helpful feature of the bill is a provision for expedited benefit payments. More timely payment of social security benefits is authorized. When it is apparent that a social security benefit is likely to be paid and has been delayed, the applicant does not have to wait a long time for a determination. It provides for a special determination and expeditious handling of such payments.

The bill liberalizes the definition of blindness.

Perhaps one of the most irritating items in the medicare program has been the way in which a doctor's bill has to be submitted in order to be paid. The present law amounts, in a practical way, either to the doctor having to do all the paper work, or the patient having to pay the bill and then submit a receipted bill.

Some of the old people have had to borrow the money, in order to obtain a receipted bill. This measure, upon which the Senate will soon be called upon to vote, provides that the patient can submit an itemized bill. It does not have to be paid prior to submission to social security. Then when it is processed, a check is made out to the recipient who can turn it over to his doctor for payment of the services. Surely, a much more logical and reasonable procedure than presently available.

The matter of participating hospitals is something that has needed the attention of Congress. There are people living in areas in which they do not have access to a hospital that meets all of the requirements of the Medicare Act. Yet, people get sick, become emergency cases, and must go to the nearest hospital. At the present time, a patient is often discriminated against because of the rather strict medicare regulations concerning the eligibility of the hospitals, he cannot be reimbursed for his hospital expenses. Yet he had little choice in selecting his hospital. The pending bill carries a provision that makes it possible

for the payment for services, under certain conditions, in nonparticipating hospitals. This provision will not let the standards down, but it will lessen to a great degree the injustice done to patients now under the existing law.

As the present time an elderly person is entitled to 90 days of hospitalization during one spell of sickness. The pending bill provides that, even after that 90-day period has expired, certain services such as X-ray and laboratory services under part B can be paid for in the hospital.

There is another very important provision in the pending bill. Under the existing law, a patient may go to a hospital for 90 days. Then, after that patient has been out of the hospital for 60 days, he can be certified for another 90-day hospitalization stay. Sometimes an individual requires more than 90 days of hospitalization. Perhaps he should stay in the hospital for an additional 10 days. Perhaps he will never get out of the hospital.

The pending bill contains a provision which was agreed upon in conference that gives to every aged person a 60-day lifetime reserve that he can use at any time he wants to. In other words, if someone is in the hospital and remains there for 90 days, during which time he has not gone home, he can use 10 days of his 60-day lifetime reserve if that becomes necessary.

The services of podiatrists are included.

I believe that perhaps two of the most helpful of the many provisions under the medicare section are the 60-day lifetime reserve and the affording of an opportunity to receive some treatment, if it is needed, in a nonparticipating hospital.

Another improvement in medicare services is contained in the pending bill. One does not have to have a doctor's certificate to get into a hospital. Many people are rushed to a hospital. The hospitals are so crowded now that they are not going to admit a person unless that person belongs in the hospital. A person will not have to hunt up a doctor in order to get a certificate. However, the provision does require for a recertification, as does the present law.

Another improvement in the medicare provisions relates to X-ray services. A person can get X-ray services by going to the location of that X-ray service under the existing law. However, the pending bill provides for payment for X-ray services in the case of portable X-ray machines. That sometimes means a great deal to some of these people. It may also lessen the cost of the program.

Provision is made in the medicare part of the pending bill for the purchase of durable medical equipment. At the present time if a medicare patient needs a wheelchair, payment can be made for the rental of a wheelchair. However, the purchase of a wheelchair is not covered. There might be good reasons for buying a wheelchair. Provision is provided in the pending bill for that.

Under the existing law, individuals who reach 65 years of age in 1968 will not receive medicare services unless they have six quarters of coverage under social security. In the pending bill that period is reduced to three quarters.

Some new and beneficial features are contained in that part of the social security law that we generally refer to as welfare. For the first time the Federal Government under the Social Security Act will participate financially in a program making training and work available for welfare recipients.

We have reached a tragic situation in this country. There are people on welfare whose children are on welfare and whose grandchildren grow up to be on welfare. Provisions are made in the pending bill for referring these people for employment, or, if they cannot take employment, for training. However, that is not all. In order to get them over the hump and convert them from welfare recipients to wage earners, they can retain some of their earnings without losing their welfare payments. There is an incentive provided to work rather than merely to receive the assistance money.

One will ask where they are going to get jobs. A definite program has been worked out that will be of great assistance in that regard as these welfare recipients in appropriate cases are referred for work. If they can get a job in private employment, that is fine. If they cannot get a job, they are then referred for training.

If, after training, they cannot get a job in private employment, arrangements are made so that they can have employment with some governmental subdivision. The Secretary of Labor is authorized to enter into agreements with a county or a city and transfer to that agency money that would have been paid in welfare. The governmental subdivision in turn can hire these people to do useful work, putting up a portion of their wages. Maybe some of them are not physically able to scoop snow. However, that does not mean that they cannot help to clean up a public park or do some other useful thing.

In the work-incentive program, if people can get private employment, they are referred for that. If they cannot get private employment, they can work for some governmental subdivision. Whenever they reach a point at which they can graduate into private employment, that will be done.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. GORE. Mr. President, was the Senator impressed—I am sure the senior Senator from Tennessee was—at the statistics given to the conferees concerning the success of the training program in bridging this gap from idleness to useful employment?

Mr. CURTIS. I was. I think that we are all indebted to the chairman of the Finance Committee for coming forth with this plan with the various priorities—the first being referral for employment in private industry, and the second being training for regular employment, and the third, employment for a governmental subdivision. Under the third program with appropriate safeguards, they can be referred to a nonprofit organization that is performing a public service. But that has to be passed upon by a special panel. It was the desire of the

committee that they do nothing that would give someone an advantage by employing welfare labor or subsidized labor in any way.

An illustration of the third category of employment will make this clear. If the welfare recipient is an appropriate person to go to work and could not be placed in private enterprise, he would work for the city or the county, and the city or the county would be given the relief money with which to pay him.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. GORE. I call to the Senator's attention the summary of social security amendments, the committee print, which is on his desk. I refer to page 29, the last page.

Based upon the experience of the Labor Department in this field, at the suggestion of the conferees, certain statistics are printed which show that the Labor Department anticipates that within 4 years they will be able to place into gainful employment 250,000 people who are not now gainfully employed and who are upon the welfare rolls.

Mr. CURTIS. I appreciate this contribution by the Senator. I also point out that this may involve their children and successive generations, because we are developing in this country categories of people who remain on welfare for generation after generation.

However, getting back to the third category of available employment, I might cite the situation in a community where the American Legion, the Salvation Army, or the Boy Scouts might want to build a camp for general public use of all children. The organization would be permitted to participate in a contract with the Secretary of Labor whereby welfare money would be turned over to it and the money would be paid out in wages for useful work performed for this public purpose, rather than a dole just given to the welfare recipient, assuming that it is a case in which his health or family is such that he should be employed.

I am supporting these provisions not only because they will result in a saving in public funds in the long run, I am also supporting them because we owe this to these people. I believe that most citizens would rather be productive than be on welfare.

I am thoroughly convinced that every child is much better off living in a family whose head is doing useful work for the money he receives, rather than receiving a welfare check. Perhaps it has been a mistake that some of these welfare rolls have grown so large. Nevertheless, they have. Something must be done to reverse the trend. I believe that what is offered in this proposal will move in the right direction.

Now, Mr. President, I should like to refer to another new provision in this measure. For the first time, the Federal Government will match money for emergency assistance. This has not been in the law before. For a period of 30 days, emergency assistance can be paid in cases where they cannot meet other qualifications. Many of the States have asked for this provision, and it is one

that should be looked at by those who say they will reject this bill because it is not liberal. It would do many of the things for which States, welfare directors, and others have been asking for a long time.

I believe I have read that the conference report was criticized because it did not contain a provision for a pass-along to the recipient of an increase of the money available for old-age assistance. That is not quite correct. In fact, it is not correct at all.

In the act of 1965, when social security benefits were raised, old-age assistance benefits were raised, and provision was made to permit States to pass along at least \$5 per month of that raise to the recipient, so that it would not just be a saving of funds for the State. Only 16 States have availed themselves of that provision. The provision is retained, and an additional \$2.50 is provided. Most of the States, if they find they can and if they so choose, can use this increase in social security to pass along to those on old-age assistance, so that the recipient actually gets an increase, rather than just use that money to help carry the increased load.

I feel a few comments concerning the AFDC sections of this bill and the part that has been criticized should be made. The term AFDC means aid to families with dependent children. It is a welfare program in which the Federal Government participates. It involves, in part, children whose father is dead. It involves children whose father is disabled. It also provides aid in instances where the father is absent from the home.

In the latter category is the so-called freeze. It was felt by many that it was necessary to do something with the ever-increasing number of cases under the AFDC program in the category where the father has deserted.

It is not a harsh or a cruel freeze. It will not take anyone off the rolls who is there now. But this is what it amounts to: Beginning July 1 of next year, the total dollars that a State can receive can only be increased in accord with the proportion of this narrowed category of AFDC cases as a proportion of the population under 18 in the first calendar quarter after January 1, 1968.

Mr. President, while it is true that they can only increase their amount of Federal funds as the population increases, there are other features in the bill which offer remedies. In the first place, the work-incentive provisions will be available for a great many mothers and they can avail themselves of it and it will be helpful. Also, the State can do a better job if it enforces the law and requires deserting fathers to support their children.

There are provisions for family planning. Birth control services are on a voluntary basis and will not be forced on anyone, but will be made available.

I might point out that 28 States have yet to avail themselves of a program of aid to dependent children where the father is unemployed. Those 28 States can take advantage of it and thus relieve part of the temptation for fathers to desert.

I would point out that if a State is

adversely affected by this freeze it can readjust its eligibility requirements so it can provide for the more needy cases.

While this provision has some very good aspects, it will not result in any wholesale cutting off of children from the AFDC rolls. As a matter of fact, the State cannot remove children that are on the rolls now. They may have to pay the entire bill but they have the means to keep them all on the rolls because these other training provisions are available to them to hold the load down.

Then, there is one other matter. The social security and Federal tax records can be used by an appropriate court in locating a deserting father so that he can be required to support his family.

Mr. President, I now wish to speak briefly about medicaid. Title XIX of the Social Security Act provides for Federal matching in the payment of medical bills for the medically indigent. It was up to the States to determine who was medically indigent. Some States fixed the amount rather high. It was apparent, in looking at the record for several years, that a program originally presented to us as costing only a few hundred million dollars was going to run into several billion dollars.

I believe it was sound and right that the Congress fix a limit on how high the State can go, but not place a limit on Federal participation. The solution arrived at by the conference amounts to this. The Federal matching money can be used to provide medical assistance to anyone or any family where the income does not exceed 133 percent of the AFDC payment level.

Under this definition, no person in any State who was receiving cash welfare benefits will be denied medicaid. In addition, anyone who is eligible but not drawing a welfare case payment will automatically be available for medicaid.

I think this ceiling, if one wishes to call it that, is necessary. I think it is just and fair as between States. I believe it is in line with what Congress thought it was doing when the program was inaugurated at the time medicaid was inaugurated.

Mr. President, I shall take no further time. Again, I wish to repeat that this measure carries many improvements in the social security law. It provides for a number of improvements in the medicare program. It carries a 13-percent increase in social security benefits, with a 25-percent increase for those who receive the minimum benefits.

I regard this as a bill that is much more sound than it was when previously before the Senate. Some of the very costly provisions on the long range were eliminated.

Mr. President, it so happens that those particular portions of the social security law would not have been of much immediate benefit. Under the bill passed by the House of Representatives the maximum tax on an employee could reach \$448.40 by 1987. Under the Senate bill the tax would have gone to \$626.40 by 1980, and continued thereafter. Under the conference report the maximum tax will not exceed \$460.20, and it will not be reached until 1987.

Mr. President, I hope that the conference report will be adopted.

I yield the floor.

Mr. ANDERSON. Mr. President, I rise to state my strong support in favor of the Senate's acceptance of the conference agreement on the Social Security Amendments of 1967.

This bill, which has survived an arduous legislative road, arrives in its present status in the Senate as a responsible piece of legislation containing both an adequate benefit increase and other fine and lasting improvements in programs under the Social Security Act. Most important of all, the package that is presented to the Senate for approval is reasonably priced and can be supported by the taxpayers of this country.

In order to consider the conference agreement in its proper light, one must be aware that it results from long, hard legislative labor. In March of this year, almost 10 months ago, the House Committee on Ways and Means initiated public hearings on this proposal. Literally hundreds of witnesses were heard and thousands of pages of testimony digested. The Ways and Means Committee met in almost constant and continuous executive session, meeting 60 times to mark up and forge a strong and adequate bill. The House committee presented to its Members what it felt was a responsive piece of legislation eagerly awaited by many millions of beneficiaries. The House responded with almost a full-fledged acceptance of the bill as reported by voting in favor, 414 to 3.

In August the Finance Committee received the House-passed measure and very shortly thereafter commenced public hearings lasting almost 4 weeks, followed by 3 weeks of executive sessions that gave depth and consideration to not only the House bill but the varied suggestions of witnesses and other social security legislation pending before it. The Finance Committee then reported a responsive but costly piece of legislation providing \$2.4 billion more in benefits over the House proposal. The increase of benefits was great, but the committee responsibly provided the necessary financing to pay for these benefits. This meant that a worker earning the maximum covered wages in 1968, instead of paying \$334, would pay \$28 more than under the House bill yearly or about \$362, and by 1973 he would pay nearly \$562 yearly—\$130 more in taxes than what was called for under the House bill. By 1987, the worker would be paying on an annual basis \$626.40 under the Finance Committee bill, which would have been approximately \$180 more yearly than under the House bill.

The Senate and House tax rates were almost identical, but the difference in the tax payments resulted from the fact that the Finance Committee bill would have increased the wage base from the \$7,600 permanently scheduled in the House bill to \$8,000 in 1968, \$8,800 in 1969, and \$10,800 in 1972 and thereafter. The final base increase would have been \$3,200 more than in the House bill. This additional financing put the more generous Senate bill in a balanced position when it went to the floor. There the bill was placed in a perilous position. After extensive debate and successful defeat of many costly and questionable amend-

ments, the Senate added to the Finance Committee bill several far-reaching and costly floor amendments resulting in an actuarial imbalance of a previously responsible bill.

When the conferees took the Senate bill to the House side, we had a bill which provided over a billion and one-half more dollars of benefits and not 1 cent more of financing. In order to have placed the bill passed by the Senate in actuarial balance, it would have required that we raise the scheduled taxes contained in the Senate bill by one-half of 1 percent. This would have meant that the employer and employee, instead of paying at a rate of 4.4 percent in 1968, should have been paying at a rate of almost 5 percent. In dollars, this would have meant an additional employer-employee tax of \$40 that year and increasing considerably thereafter.

While the Senate opened the bill to high-cost amendments, it was not responsible in financing them. This particular fact was consistently pointed out to us by the House conferees and ultimately led to the discarding of many of the Senate amendments.

This process follows the historical pattern of most social security legislation; namely, the House passes a social security bill—the Senate broadens and liberalizes it—the conference trims the excess. In this perspective, the conference agreement is a good bill. It contains among its highlights, first and foremost, a 13-percent overall benefit increase to social security beneficiaries with a guaranteed \$55 minimum. This can hardly be called inadequate since the cost of living has not risen more than 8 percent since the last social security increase. In fact, this benefit increase of 13 percent, coupled with a \$55 minimum, has been properly acclaimed as the largest cash increase in the history of the social security program.

With respect to medicare, a program which I can proudly say that I am associated with and knowledgeable in, the agreement provides 60 additional days of hospital coverage for individual medicare beneficiaries. This provision should be of great assistance to those individuals who have continual and recurring illnesses and thus can look to this bank of 60 days hospital coverage to help meet ever-rising hospital expenses. It should also be of benefit to those unfortunate enough to sustain a long-term illness and exhaust their present 90-day benefit.

Another significant medicare provision provides an easier method for the elderly to receive payment for the doctors' bills that they incur.

I was disappointed that the conferees did not agree to accept my amendment which would have provided a rational method for the expansion of medical facilities and the acquisition of large capital items under the medicare program. By proper coordination of medical facility expansion and acquisition, a great deal of savings could be achieved. However, it was the feeling of the House conferees that further time should be given to determine if this type of control were needed. It is my feeling that by taking the proper steps now, we would be able to control the ever-rising costs and forestall unnecessary expenditures under

the medicare program. This particular problem is one that assuredly will be considered in the near future once again.

The next item that should receive attention is the savings which the conference committee agreement achieves in what has been sometimes referred to as the "dark horse" of the 1965 amendments—namely, title XIX—medicaid. If left unchecked and with no change in present law, the anticipated cost of this program would rise to the unprecedented level of \$3.1 billion by 1972. This staggering cost was neither estimated, foreseen, nor intended, when the program was initiated in 1965. We should not have left it unrestricted in 1965, and I now warmly applaud the restriction agreed to by the conferees, which by 1972 will reduce the anticipated costs by an estimated \$1.4 billion. This will go far to relieve the already heavy strain on our future Federal commitment. In my estimation, the brakes must be applied to medicaid before running uncontrolled it smashes the entire welfare program.

What I have just described are what I consider a few highlights of a bill which comprised nearly 500 pages when it was before the conferees. I do not feel that an adequate explanation can really be given of the overall provisions and excellence of this measure in the brief time I have spoken. However, perhaps its most significant feature is that it pays its way in a responsible manner—yet provides adequate benefit increases and improves the status of our needy, homeless, orphaned, and widowed.

The conference committee agreement does not overburden the workers with a tax that they cannot carry and still meet their own financial obligations.

I salute the chairman of the Finance Committee, Senator RUSSELL B. LONG, who labored diligently for the Finance Committee bill, fought hard on the floor to maintain its integrity, struggled valiantly with strong and forceful House conferee opposition, and succeeded in bringing back a fine piece of legislation. In this salutation I urge the support of the Senate for his fine work and the work of the conferees. Failure to give such support would kill a fine bill and deny benefits to 23 million Americans. Personally, I could not join in such short-sighted negative action. I know the Senate could not either. I, therefore, urge my fellow Senators to adopt the conference agreement.

Mr. MILLER. Mr. President, the bill before us is a far better bill from an overall standpoint than the bill which was passed by the Senate.

I might say that there were many of us here who would have voted against the bill as passed by the Senate had we not had the assurance that Members of the House of Representatives would stand firm, as they have indeed done. The distinguished Senator from Louisiana pointed out in his remarks on the conference report some of the defects that the conference committee readily found in the bill passed by the Senate, such as the failure by the Senate to match some of the benefits increased by amendments on the floor bill with actuarial provisions needed to meet them from a revenue point.

I must say that I think all of us in the Senate are much better satisfied by the work of the conference committee.

Mr. President, on page 69 of the conference report there is a section entitled "Assistance in the Form of Institutional Services in Intermediate Care Facilities." I ask unanimous consent to have that section printed in the RECORD at this point.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

ASSISTANCE IN THE FORM OF INSTITUTIONAL SERVICES IN INTERMEDIATE CARE FACILITIES

Amendment No. 258: The Senate amendment added to the House bill a new section (251), amending title XI of the Social Security Act by providing (in a new section 1121) for Federal financial participation under titles I, X, XIV, and XVI, in vendor payments in behalf of certain aged, blind, or permanently and totally disabled individuals whose condition does not require care in a skilled nursing home or hospital but does require living accommodations and institutional care available through intermediate care facilities. Federal matching would, if a State elects, be at the same rate as for medical assistance under title XIX.

The House recedes with amendments providing that (1) intermediate care facilities must meet the safety and sanitation standards applicable to skilled nursing homes, and (2) Christian Science sanatoria may be considered to be intermediate care facilities with respect to such services. It is the intention of the conferees for the House that providing services in intermediate care facilities is not to be taken as authorizing, or acting as a precedent for, the furnishing of custodial care of a type which merely provides, for welfare recipients in the program specified, room and board with no personal or other services.

Mr. MILLER. Mr. President, section 251 of the bill as passed by the Senate—section 250 of the bill approved by the conference—authorizes States at their option to modify their State plans under the categorical assistance programs and under MAA to provide for vendor payments to facilities which do not provide "skilled nursing home care," as described in title XIX, but which serve recipients who cannot live at home and who need some care. This is termed "intermediate care" in the bill.

This provision of the bill merely recognizes the facts of life about custodial care in "extended care" facilities. These facts are that there are different levels of care now available and that not all patients need the same level of care; that those who need "skilled nursing home care" should receive it; that those who do not require such a high level of care should receive what we have designated an "intermediate level of care"; and that those facilities which cannot or do not wish to provide "skilled nursing home care" can qualify to provide an intermediate level of care.

This will save money by not requiring the Government to pay for skilled nursing home care when the intermediate level of care will do; and it will enable more facilities to qualify to come into the program and meet the needs for an "intermediate level of care."

Intermediate care is a term selected by the committee to embrace nursing homes which offer less intensive services than those described in title XIX and which we generally call homes for the aging,

retirement homes, nursing homes, and the like, many which the States now license. The authority given to the States to make vendor payments in these facilities and to receive matching at the title XIX level will encourage the placement of patients in facilities according to their needs and eliminate the incentive which has existed heretofore to overclassify patients and place them in facilities where the care is more intensive than they require. This should result both in benefits to the patients and economies in the public assistance programs.

Furthermore, the provisions of this section recognize that there are many facilities now licensed as nursing homes which do not provide the intensive services described in title XIX, but which are in no sense substandard for the patients they serve. This is especially true in rural areas and small towns where nursing homes do not purport to provide skilled and intensive nursing home service but nevertheless provide a valuable service to their communities for persons who require some care.

Of course, we must assure that each patient is placed in the facility which meets his particular needs. Elsewhere in this bill provision is made for the States to make periodic medical reviews of the needs and the care given to public assistance patients. It should be the function of the States, through these medical reviews, to determine whether a particular patient should be in a skilled nursing home as described in title XIX or in one of the several kinds of facilities embraced by the term "intermediate care." It should be a responsibility of the Department of Health, Education, and Welfare to closely coordinate the institutional care of public assistance recipients in skilled nursing homes or in the several types of facilities embraced in the term "intermediate care" to assure that the proper level of service is available to each patient according to his needs.

Mr. President, on the desk of each Senator is a committee print entitled "Summary of Social Security Amendments of 1967—Joint Publication, Committee on Finance of the U.S. Senate and Committee on Ways and Means of the U.S. House of Representatives."

On page 22 of this report is a section entitled "Federal Matching for Assistance Recipients in Intermediate Care Facilities," and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

FEDERAL MATCHING FOR ASSISTANCE RECIPIENTS IN INTERMEDIATE CARE FACILITIES

Under current law, vendor payments may be made with Federal sharing only in behalf of persons in medical facilities, such as skilled nursing homes. There is no Federal vendor-payment matching for people who need institutional care in the intermediate range between that which is provided in a boarding house (for which eligible persons may receive a money payment under the money payment programs), and those who need the comprehensive services of skilled nursing homes.

The amendments provide for vendor payments in behalf of persons who qualify for OAA, AB, or APTD, and who are living in facilities (including a Christian Science sanatorium) which are more than boarding

houses but which are less than skilled nursing homes. The rate of Federal sharing for payments for care in those institutions is at the same rate as for medical assistance under the XIX. Such homes will have to meet safety and sanitation standards comparable to those required for nursing homes in a given State.

This provision should result in a reduction in the cost of title XIX by allowing States to relocate substantial numbers of welfare recipients who are now in skilled nursing homes in lower cost institutions.

Mr. MILLER. Mr. President, one of the disappointments which has come to a number of us over the results of the conference is described on page 45 of the conference report relating to amendment No. 84. This amendment was offered by me and adopted—as the Record will show—by the Senate unanimously.

I have sat in this Chamber listening carefully to the explanation made by my good friend from Louisiana of the results of the conference committee, but I do not believe he mentioned this. However, I do think that this part of the conference report clearly explains what happened. It also points out that the Department of Health, Education, and Welfare has been directed to furnish certain data to the Committee on Ways and Means, and to the Committee on Finance, as soon as it is available which will, I understand, enable them to make some recommendations regarding the serious problem of proper reimbursement of hospitals.

Mr. LONG of Louisiana. Mr. President, will the Senator from Iowa yield?

The ACTING PRESIDENT pro tempore. Does the Senator from Iowa yield to the Senator from Louisiana?

Mr. MILLER. I yield.

Mr. LONG of Louisiana. Everyone agrees that there is much merit in the Senator's amendment. The House conferees also recognized its merit. However, it is an expensive item, something which will ultimately have to be settled. Everyone agreed that we should go into the matter next year and try to act on it in order to clear it up. The House felt that it should have a better opportunity to study it in depth, in order to understand it more clearly. I am confident that something along that line will happen. It is just that the House looked at the cost and, although it is an important item, it had an estimated cost of more than \$200 million a year, the House conferees felt it was something they wanted to study and know more about.

I know of no disagreement with the Senator on the merits of his amendment. It is just a matter of procedure more than the merits.

Mr. MILLER. I think the Senator from Louisiana knows how much I appreciated his cooperation at the time the amendment was considered in the Senate. I know that he is as concerned as I am about proper reimbursement for the services furnished by our hospitals. I must say, however, that I part company with anyone who suggests that it is going to be a very expensive proposition.

The estimate furnished by the Senate Finance Committee staff is just an estimate. I would rather call it a "guessimate." No one knows. There are a great many people who are in the business and

they regard that estimate as grossly excessive.

One thing which disappoints me very much is that someone from the Department can come over to the Senate Finance Committee and throw around a figure without any particular figures to back it up to show that it was either just pulled out of the sky or was, indeed, worked out intensively with those in the business, as a result of which it has caused the conference committee to decide to put the matter over. I might say that with that kind of excuse, I am sorely tempted to try to get this thing back to the conference committee so that the amendment can stay in, because there is not a hospital in this country that has not been shortchanged or put to an inordinate amount of bookkeeping and record-keeping in order to meet the present requirements of the Department of Health, Education, and Welfare.

Mr. LONG of Louisiana. Let me say to the Senator from Iowa that that estimate is not a staff estimate. We do not have the expertise on our staff to do that.

Mr. MILLER. I did not say that it was a committee staff estimate. It was furnished to committee staff by the Department of Health, Education, and Welfare.

Mr. LONG of Louisiana. That is the estimate given us by Robert Myers, the Chief Actuary of the Department. He is also the actuary for the Ways and Means Committee of the House. Thus, it is not really our estimate.

I am sure the Senator realizes our problem, that we have to rely upon the best we can get to estimate what the cost will be. So far as the House is concerned, he is their actuary. They are relying upon him to look at the costs.

I wish it had prevailed, but I think I have explained to the Senator what some of the problems were in conference.

Mr. MILLER. Do I understand correctly from my colleague that it is his firm intention that, during the coming session of Congress, this matter will be worked on by the Finance Committee so that we can look forward to having the problem resolved in the coming year?

Mr. LONG of Louisiana. The problem is not with the Senate. The problem is with the House. The House Ways and Means Committee is asking for, and expects, a report from the Department on this matter next year, and they themselves may look into it and hold hearings. The House may very well legislate in this area. The Senator will be saved further frustration on this matter, I am positive; but we cannot get it now, I regret to say.

My guess is that next year we will achieve about what the Senator wants. It might not be precisely the same thing, the Senator understands, but it will have to be in that area, because the Senator's amendment points in the direction of what appears to be necessary for the hospitals.

Mr. MILLER. I understand that tax legislation must originate in the House. However, the report says that the Department is going to furnish figures both to the House Ways and Means Committee and to the Senate Finance Committee. I would hope that if the House committee lets this get bogged down, the Senate Finance Committee would be re-

ceptive to taking some initiative on its own to look into this program, to see that there is an appropriate amendment which could be adopted on a House-passed bill, or that we would be ready, if the House took action, to act on it as promptly as possible.

There is one other matter I would like to mention and ask the Senator from Louisiana about. Of course, there are many defects in social security legislation as encompassing as this is, but one of the most serious defects is in the windfalls going to people who do not need them. For example, the record is replete with instances of an individual who may have contributed through social security taxes possibly \$1,000 or \$2,000, but the value of the benefits he is going to receive down through the years may amount to \$20,000, \$25,000, or \$30,000. That is what we call a windfall.

There are some cases where every Member of the Senate would agree that a windfall is quite proper from a social standpoint, because the person just could not get along without it. That is not my problem. My problem is with those who, quite apart from the social security benefits for which they never really paid enough money into the fund, have a very adequate standard of living and are still receiving the windfall.

I was hoping that, at an appropriate time, the Senate Finance Committee might look into this matter. I am not saying it should hold hearings, but I would think it should receive some kind of report from the Social Security Administration and the Department of Health, Education, and Welfare, or any other appropriate party regarding the impact on the cost of the Social Security Administration of these windfalls going to, let us say, people who have well above the minimum standard of living.

I wonder if the Senator from Louisiana could respond to that. He knows that at one time I was proposing an amendment that would require such a study, but I had the impression that such an amendment would not be necessary, and that the committee could look into the problem the coming year.

Mr. LONG of Louisiana. What we would propose to do would be to ask the Department to study it and report to us on it. We have requested a number of studies from the Department. That is contained in the report of the Finance Committee and of the conferees. It could be included in the studies we have requested. I would be glad to be of assistance to the Senator in getting that.

Mr. MILLER. I appreciate that.

Mr. HARRIS. Mr. President, later—that is, tomorrow—I want to discuss the conference report in more detail, but I would like at this time to make some brief opening remarks. I understand that some of my colleagues who share my general view toward this conference report will also want to be heard.

Mr. President, to say that I was deeply disturbed and depressed by the results of this conference report is to put it very mildly. But may I hasten to say that I make no criticism of my chairman on the Senate Finance Committee or my distinguished colleagues on that committee

who served as members of the conference. We have had their assurances that they did the best they could in a very tough situation in the conference, and I accept that, as I have said before.

I stand here in order to defend the work of the Senate Finance Committee and of the Senate. I believe that the Senate Finance Committee met daily in executive session on this bill, taking it up section by section, for approximately 4 weeks. That is my recollection. I do not recall any except 1 day that I missed during the executive sessions of the Finance Committee as we considered this bill, a very lengthy bill, 350 pages or more long.

I think we did good work in the Senate Finance Committee, and I think the Senate as a whole did good work, though it was obvious that some amendments adopted, particularly those that had to do with social security, here on the floor, would not survive the conference.

Mr. President, at this time I want to comment on the welfare provisions of this bill, which I think are terribly regressive, and which I think will have a terrible effect on poor people and families throughout this country.

A statement was made a few minutes ago that a vote against the conference report is a vote against the aged. I have here in my possession a letter which I understand has now been mailed to each Member of the Senate. It is a letter signed by Mr. John W. Edelman, president of the National Council of Senior Citizens, Inc. To that letter, addressed to Members of the Senate, is attached what is termed an urgent memo to club leaders of the national council, members of the executive board, advisory committee, national organizing committee, and supporting groups of the national council. That memo is dated December 12, 1967.

Mr. President, I ask unanimous consent that the letter and the attachment memorandum be printed in the *RECORD* at this point.

There being no objection, the letter and memorandum were ordered to be printed in the *RECORD*, as follows:

NATIONAL COUNCIL OF SENIOR
CITIZENS, INC.,

Washington, D.C., December 12, 1967.

DEAR SENATOR —: On behalf of the officers of the National Council of Senior Citizens I have today addressed a memorandum to leaders of all affiliated clubs and supporting groups of the National Council of Senior Citizens in all states.

A copy of that memorandum is enclosed with this letter for your information.

It specifically asks all club presidents for the support of their clubs concerning the decision of officers of the National Council to urge all members of the U.S. Senate to reject the report of its Senate conferees on the social security bill.

We have urged their understanding of our rejection of the harsh and punitive welfare provisions of the conference report. We believe it is in the interests of human dignity for all Americans that the proposed work training provisions be eradicated or modified. The need for cash benefit increases is so great we believe the conferees should establish a much higher minimum benefit with a boost for other beneficiaries above the 13% granted in the conference report.

Sincerely,

JOHN W. EDELMAN,
President.

MEMO—NATIONAL COUNCIL OF SENIOR
CITIZENS, INC.

To: Club leaders of the National Council, members of the executive board, advisory committee, national organizing committee, and supporting groups of the National Council.

From: John W. Edelman, president.

This is an urgent request to all club leaders and members to support the officers of the National Council of Senior Citizens in their decision to condemn and oppose the report of the Senate-House conference committee on social security.

In accordance with the National Council officers' decision, reached at a special meeting today, I have written all U.S. Senators asking them to disapprove the social security conference report and to instruct the conference committee to try to achieve a compromise guaranteeing more adequate and meaningful social security benefits when Congress reconvenes next January.

In reaching this decision, the National Council officers recognize that any delay in raising social security benefits adds to the heavy burdens of the elderly poor forced to live in misery and despair because of their inadequate income, but we have taken into consideration the equally heartrending plight of mothers with small children who would be forced to find work outside the home or surrender all claim to public assistance under the de-humanizing welfare provisions of the House-passed social security bill.

Upon careful consideration, the National Council officers have concluded they cannot and will not turn their backs on the millions of welfare cases who would become victims of the harsh, repressive features of the House-passed social security bill.

The National Council officers have agreed to join social welfare agencies and other liberal groups in demanding that the Senate return the compromise social security bill to the House-Senate conference committee.

While this probably would delay enactment of a social security increase until next year, it could—because 1968 is an election year—mean early action on an improved social security compromise bill that would insure seniors higher social security benefits—benefits on the order of the 15 per cent across the board and a minimum much closer to the \$70 a month recommended by President Johnson and actually approved by the Senate.

Even under the present social security compromise, recipients would not get an increase until next March. We would hope an improved compromise social security bill could be passed early in 1968 and that increased social security benefits could be made retroactive to January 1, 1968.

In asking for a more meaningful social security compromise, the National Council officers appeal to all affiliated club leaders and National Council members for support in the form of letters to their U.S. Senators urging a return of the present social security compromise to the Senate-House conference committee for further consideration and action.

Mr. HARRIS. I particularly call the attention of Senators to three paragraphs of the memorandum. This, I remind Senators, is from the National Council of Senior Citizens, Inc. It says in part:

In reaching this decision, the National Council officers recognize that any delay in raising social security benefits adds to the heavy burdens of the elderly poor forced to live in misery and despair because of their inadequate income, but we have taken into consideration the equally heartrending plight of mothers with small children who would be forced to find work outside the home or surrender all claim to public assistance un-

der the de-humanizing welfare provisions of the House-passed social security bill.

The memorandum continues:

Upon careful consideration, the National Council officers have concluded they cannot and will not turn their backs on the millions of welfare cases who would become victims of the harsh, repressive features of the House-passed social security bill.

The National Council officers have agreed to join social welfare agencies and other liberal groups in demanding that the Senate return the compromise social security bill to the House-Senate conference committee.

The memorandum, in another paragraph, makes the further suggestion that if the bill were delayed until next year, past the point when the increased checks could still be mailed, as presently intended, on March 3, 1968—I might say that other Senators and I have offered more than one plan by which decision on the welfare provisions of this bill might be deferred while the social security provisions could become effective, all to no avail—nevertheless, as is pointed out in the memorandum I have just quoted, and as was advocated earlier in the year by some members of the Committee on Finance, it would always be possible to make any social security increase later enacted retroactive to whatever date Congress might choose.

The truth of the matter is, Mr. President, that there will be a social security benefit increase. The House of Representatives is for that; the Senate is for it; the President is for it; Republicans are for it, and Democrats are for it. There is no question that social security benefits, in any event, will be increased. Next year is an election year, and if there is pressure for social security benefit increase this year, there certainly will be no less pressure for such increases next year.

So that is not the question, Mr. President. What is in question is that there are provisions in the conference bill which should not become law. That is why my fellow Senators and I have offered various methods by which action might be delayed until these provisions might be better understood throughout the country.

In the conference, the Senate receded on all of the amendments regarding welfare for unemployed fathers. The Senate conferees receded from the amendment which I offered and the Senate agreed to on a rollcall vote, under which the families of unemployed fathers in a home would not be ineligible in any State for welfare assistance but, under other provisions of the bill, he himself then would be required to go into a work or training program within 30 days, and we would thereby see if we could not restabilize many of the families in the country, and eliminate the family destroying effects of present welfare programs. But furthermore, under the provisions of the conference report, even in those 22 States which now have some form of permissive program for families, the fathers who are unemployed, must have a substantial connection with the labor force before he or his family can obtain aid to families with dependent children.

This quite obviously, Mr. President, cuts out the families of young fathers who have never been able to obtain a

job for any substantial length of time. Specifically, the conference report provides, in regard to the substantial connection with the labor force which is required in those 22 States that do have such programs, that a father must have a record of 6 calendar quarters of employment out of a 13-quarter period ending in the year before application for assistance, or have received unemployment compensation for his family to be eligible for aid under the aid-to-families-with-dependent-children program.

I think what the Senate should try to contemplate is what will happen then, in those families, and to those children, and whether this bill will, after all, accomplish what we hope to accomplish, which is to give people the opportunity to get out of poverty and into a life of self-sufficiency which this country values.

Mr. President, I think liberals and conservatives both agree that the welfare system of this country is a failure. Very recently, the commissioner of public welfare of the city of New York, Commissioner Ginsberg, called it a bankrupt policy. I do not think that is an overstatement or an overdramatization. While the numbers of people receiving old-age assistance, aid to the blind, and general assistance have remained relatively constant in recent years, the number of families receiving aid to families with dependent children has skyrocketed, and this fact has very alarming implications for us all.

Mr. President, we cannot get at that problem, a tremendous problem in this country, by simply saying that as of a given date—for example, as of January 1, 1968, effective July 1, 1968—there will be a freeze on the aid to families with dependent children in any of the States.

Mr. President, that is not a proper way to get at the problem unless, at the same time, we pass a law freezing the population growth in this country, which is rising at the rate of 6,400 additional Americans every day. It is not a proper way to solve a growing problem in this country, Mr. President, unless we are willing to pass a law in Congress freezing people in their present locations.

In the decade between 1950 and 1960, 11 million Americans moved from rural areas and small towns into the cities. Mr. President, that migration continues today at the rate of 500,000 to 600,000 a year. So as long as we do not repeal the population increase—and on that subject, I say in passing that the conference report provides only one-third of the funds for family planning, which might cut down on the birth rate, that were provided by the Senate—what will happen according to the official estimates of the Department of Health, Education, and Welfare is that on July 1, 1968, 300,000 children will be cut off the relief rolls unless the already overburdened State and local city governments can find additional funds to provide for them. That is why some of us are speaking here.

Mr. President, I have no intention to conduct a filibuster and will not do so. Neither does any other Senator, to my knowledge. What has been said by various individual Senators, myself included, is that the pending bill presents such a

crisis of conscience for all of us and such a moral matter for many of us that we cannot stand aside and let it pass without being heard.

It is not our fault that we are in the closing days of the session. The Senate has spent, I think, much more time on bills of less impact on many occasions since I have been a Member of the Senate.

Mr. President, I intend to do my best to point out the effects of the pending bill. I have already read from the report of an organization which represents those who would stand to gain most from the social security provisions of the bill itself, the elderly.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. HARRIS. I yield.

Mr. ANDERSON. Mr. President, the Senator mentioned the number of children who would be cut off. Can he point out the section of the bill which would do that?

Mr. HARRIS. I am talking about the freeze. That is the official estimate of the Health, Education, and Welfare Secretary, communicated to me in the presence of the majority leader and a great many other Senators, by Mr. Joseph Califano of the White House staff just yesterday.

Mr. ANDERSON. He might be mistaken.

Mr. HARRIS. The information was read from the actual statement by Secretary Gardner when he gave us that information.

Mr. ANDERSON. He issued a tabulation saying that it would not lop off any at all.

Mr. HARRIS. It does not lop off children. It does what the distinguished Senator from Louisiana said a while ago. It says to States: "We have put a freeze on. We will not prevent you from giving them welfare, but you will have to pay for it yourselves." That, in effect, I submit is lopping off children when we consider the terrible taxation burdens that most of the major cities of the country now have.

Mr. METCALF. Mr. President, will the Senator yield?

Mr. HARRIS. I yield.

Mr. METCALF. Mr. President, while it does not exactly lop off children, it takes away Federal benefits from the children.

Mr. HARRIS. The Senator is exactly correct.

Mr. METCALF. And the percentage is to be determined as of January 1, 1968.

Mr. HARRIS. The Senator is correct. That is why 18 Governors are on record against that provision.

Mr. METCALF. That is to go into effect on July 1, 1968.

Mr. HARRIS. The Senator is exactly correct.

Mr. METCALF. But the percentage will be estimated and determined as of January 1, 1968, a few days from now.

Mr. HARRIS. That is a freeze that will go into effect a few days from now. It will be as of that time, January 1, 1968, but will be effective as of July 1, 1968.

Mr. METCALF. Welfare is handled in many of our States by an appropriation of the State legislatures. And many of our State legislatures are not meeting at all next year.

Mr. HARRIS. I believe the Senator is exactly correct.

Mr. METCALF. In many of our States appropriations for welfare are handled by county boards and local township boards. And those people operate on a fiscal year basis. They will not have an opportunity to meet and take care of the freeze that is to start on January 1, 1968.

Mr. HARRIS. The Senator is correct. The distinguished Senator from Louisiana said awhile ago that the result would be that States would be a little more selective as to the number of children they take on the rolls. They would put some children off. That is exactly the point.

Mr. KENNEDY of New York. Mr. President, will the Senator yield?

Mr. HARRIS. I yield.

The PRESIDING OFFICER (Mr. COTTON in the chair). The Senator from New York is recognized.

Mr. KENNEDY of New York. Mr. President, the Senator from Oklahoma serves on the commission that has been investigating the riots and lawlessness and disorders that took place in the United States last summer.

Would the Senator from Oklahoma speculate as to what he thinks is a possible result of this kind of legislation, if the legislation is passed and this provision remains in the bill? What will be the effect of that legislation on our major urban centers next July and August and September?

Mr. HARRIS. Mr. President, I say, first, that much of what I know about the effect of our welfare system nationally has been learned as a result of my travels around the country and from my attendance at the hearings we have held since I have been a member of the President's National Advisory Commission on Civil Disorders.

I would not want to make any predictions in regard to the riots and the lawlessness which, of course, are intolerable. And I have made that clear.

If one looks at the ghetto areas of America and the conditions now existing there, and looks at the desire that exists there for work, the lack of available jobs, the lack of training to do such work, and the terrible conditions existing in cities around the country, it would seem to me that the pending bill would be harmful and not helpful in improving the conditions and living standards of those people of America.

Mr. KENNEDY of New York. It seems to me, if I may continue that point, that one of the great problems, one of the great complaints, one of the matters that causes the greatest concern to the poor has been the question of welfare and the knowledge that there are many children there who need help and this kind of assistance so that they may have something to eat and something to wear. Yet, the Congress of the United States and the executive branch of the Government are permitting legislation to be passed which would cut those children off so that they will have no place to turn.

It seems to me that the passage of this legislation would make the situation which we will be facing in this country completely intolerable.

I thought that we learned something last summer. We at least appointed a

commission and said some prayers over it. It is out of those prayers and out of the establishment of that commission that we have come in with legislation like this, legislation which sets us back, it seems to me.

I thought that we had difficulties and problems with some of the minority members of our population in the United States 6 or 9 months ago.

What are we asking for in 1968? I cannot believe that a country with a gross national product of approximately \$800 billion and with the knowledge and the intelligence and the courage that this country possesses, and the experiences that we have been through, would be willing to take a giant step backward rather than realize our responsibility and move forward and do something about these matters.

Without any question, the pending legislation would be a major step in the wrong direction.

Mr. HARRIS. Mr. President, I agree that it would be a major step in the wrong direction. As I said a while ago, we cannot answer up to the concern we all have over the skyrocketing number of cases involving families with dependent children and the breakdowns of families involving children. That is one of our major problems involved in the welfare system. We should provide jobs and training and better living conditions. All of those things are intertwined. However, we cannot achieve this simply by saying that we will put a lid on it unless we put a lid on the population of the country which is also skyrocketing and also put a lid on the migration of people which is taking place at a tremendous pace from the rural towns and areas into the cities. Since we cannot put a lid on either of those two situations by legislation, it seems to me to be manifestly unfair to the cities and to States like my own, where we have the ADC cases increasing rapidly, to say: "You will have to take care of them yourselves or the children will have no assistance whatsoever."

With respect to the pending bill, this is what has been primarily done. We all want to solve the matter of the increased welfare costs. We all have that same wish. However, it takes more than a wish, and it takes more than putting a lid on something, and it takes more than harsh laws.

As I have said, I believe that the bill which was reported by the Senate committee, as perfected in the Senate, in respect to the welfare provisions, was a landmark change of philosophy from the hopelessness and despair of poverty to the widened opportunities for self-sufficiency.

Consider what has happened to that bill since we passed it. The incentive provided for people to participate in the training programs is drastically cut from the Senate provision of \$20 a week, in addition to the person's welfare payment, to \$30 a month.

There were also other reductions or eliminations of increased incentive. For example, the Senate had provided that a person might keep the first \$50 and

half of anything thereafter that he might earn, in addition to his welfare payment. In regard to aid to families with dependent children, that was reduced to \$30 and one-third of anything over that. In regard to emergency assistance, the more stringent House position—that is, 30 days—was accepted rather than the Senate position of 60 days for the number of days in any 12-month period during which emergency assistance might be given.

It is interesting to note, because I believe this is something of a pattern in this session, that, on emergency assistance, one of the few instances in which the Senate position was more restrictive, the incentives in this bill for people to work were reduced, but a provision was retained which provides that emergency assistance may not be used where need for assistance came about because of a child's or a relative's refusal, without good cause, to accept employment or training for employment.

The only other provision of this bill which I intend to mention tonight is with respect to the exemption of mothers with preschool children from the mandatory requirement for work. They might be required by a State to give up their children to a day care center of uneven quality and go to work in any kind of job that might be provided. That exemption was removed, and such mothers of preschool children, for the first time in the history of this country, can be forced to put their children in day care centers and be forced to leave those children and go into a job of indeterminate quality.

Mr. President, it is not just some of us in the Senate who are disturbed about this bill. I have already read a letter, or portions of a letter, from the group which represents the older people of this country, who stand to gain most by a social security increase and who stand to be hurt most by any delay in its consideration.

I ask unanimous consent to have printed at this point in the RECORD certain letters and telegrams from other groups which also take the same position.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
December 13, 1967.

Senator FRED R. HARRIS,
U.S. Senate,
Washington, D.C.:

The Railway Labor Executives' Association representing virtually all of the railroad workers in the United States concurs fully with the position of the AFL-CIO taken in their telegram of 12/11/67 on the pending social security legislation. We ask that the social security legislation be returned to the conference committee in an attempt to develop a just solution to the problem of the Nation's retired and poverty stricken.

G. E. LEIGHTY,
Chairman, Railway Labor Executives
Association.

NEW YORK, N.Y.,
December 12, 1967.

Senator FRED R. HARRIS,
Senate Office Building,
Washington, D.C.:

We support and are encouraged by your

efforts to return bill H.R. 12080 to the House-Senate committee for further review. We urge you to ask the Senate conferees to uphold the humane intent of the welfare provisions in the Senate bill (amendment 425).

ARTHUR M. STEVENSON, Jr.,
President, National Presbyterian Health
& Welfare Association.

WASHINGTON, D.C.,
December 12, 1967.

Senator FRED R. HARRIS,
Washington, D.C.:

Farmers Union Board calls upon the Senate to reject the social security conference report.

Farmers Union feels that the conference report might push welfare concepts backward 20 years. Farmers Union continues to support the plan to give work and training opportunities for low income people instead of welfare as contained in the Senate version which was rejected by the conferees.

Farmers Union is deeply disappointed that the social security conference report failed to give significant increases in social security payments above a cost of living increase. There is little question that the bill will leave many millions on social security with total incomes below the poverty level, and future generations without adequate retirement incomes.

Farmers Union regrets that the drug lobby was successful in eliminating the generic drug provision from the bill, which would save an estimate of \$100 million in taxes each year.

Farmers Union urges that the social security bill be reworked by the Congress early next year.

TONY T. DECHANT,
President, National Farmers Union.

WASHINGTON, D.C.,
December 13, 1967.

Senator FRED HARRIS,
Senate Office Building,
Washington, D.C.:

Public assistance and welfare provisions of 1967 social security amendments approved by conference committee represent major retreat from gains won over many years. Freezing of rolls on aid to dependent children and compulsory work programs are punitive and regressive in effect and would work hardship not only on the poor but on state and municipal welfare resources. We recommend you for your leadership in urging that Senate stand by its version of bill.

ARTHUR S. FLEMING,
National Council of Churches.

NEW YORK, N.Y.,
December 12, 1967.

Hon. FRED R. HARRIS,
Senate Office Building,
Washington, D.C.:

We urge the Senate to reject the report of the conference committee on the 1967 social security amendments. The medievalism of the public welfare provisions far outweighs any gains to be realized from increases in OASDI benefits. We have a deep concern for the plight of the elderly but the additional hardships to be imposed by the bill on already deprived children and families render this bill an unsound public program. The conferees should be instructed to approximate the bill passed by the Senate, and to reject the inhumane and regressive House bill. Our committees on aging, on family and child welfare and on health join us in urging you to return the proposed bill to the conference committee.

COMMUNITY SERVICE SOCIETY
OF NEW YORK.
JOHN H. MATHIS,
Chairman, Committee on Public Affairs.

WASHINGTON, D.C.,
December 11, 1967.

HON. FRED R. HARRIS,
U.S. Senate,
Washington, D.C.:

The executive committee of the Leadership Conference on Civil Rights urges you to vote against the conference report on the social security bill. What started out as a social security measure has become an instrument of social insecurity. It generates pressure to break up families. Under this bill fathers would abandon their families and mothers would be forced to leave their children and go to work. The war on poverty is becoming a war on the victims of poverty. Cities now wracked by terrible crises would be faced with the intolerable choice of leaving poor people destitute or trying to provide for them out of funds they do not have. This is a shocking and regressive bill. We urge you to send it back to conference and instruct the conferees to insist on the Senate provisions.

ROY WILKINS,
Chairman, Executive Committee, Lead-
ership Conference on Civil Rights.

WASHINGTON, D.C.,
December 11, 1967.

Senator FRED R. HARRIS,
Washington, D.C.:

The National Association of Social Workers is deeply concerned about restrictive welfare provisions in conference report on H.R. 12080—the Social Security Amendments of 1967. Compulsory work requirements on mothers with small children and the AFDC freeze must be eliminated. Respectfully request that you not approve conference report but refer it back with request that new conferees be appointed.

CHARLES I. SCHOTTLAND,
President, National Association of So-
cial Workers.

NEW YORK, N.Y.,
December 11, 1967.

Senator FRED R. HARRIS,
U.S. Senate, Washington, D.C.:

Please reject conference report on H.R. 12080. Title II irremediably endangers and deprives millions of children.

JOSEPH H. REID,
Executive Director,
Child Welfare League of America.

NEW YORK, N.Y.,
December 11, 1967.

Senator FRED R. HARRIS,
The Senate of the United States,
Washington, D.C.:

Urge your strongest leadership in opposing conference report which would provide seriously inadequate social security benefits and will cruelly punish the poor with progressive welfare changes.

PHILIP BERNSTIN,
Executive Vice President, Council of
Jewish Federations and Welfare
Funds.

NEW YORK, N.Y.,
December 11, 1967.

Senator FRED R. HARRIS,
Senate Office Building,
Washington, D.C.:

Family Service Association of America concerned for America's needy families and helpless children finds conferees' reports on social security amendments most unsatisfactory. Understand you are considering working to restore Senate provisions. Assure you of our continued support and gratitude for such effort to avoid regressive legislation adversely affecting strong family life.

CLARK W. BLACKBURN,
General Director, Family Service Asso-
ciation of America.

VALLEY FORGE, PA.,
December 12, 1967.

Senator FRED R. HARRIS,
Senate Office Building,
Washington, D.C.:

Support your refusal to accept the conference report on the social security bill with its regressive provisions regarding work and training programs and the freeze in the number of children on AFDC. We will try to interpret the problems in this bill to our constituency.

ELIZABETH J. MILLER,
Executive Director, Division of Christian
Social Concern, American Baptist Con-
vention.

WASHINGTON, D.C.,
December 11, 1967.

Senator FRED R. HARRIS,
Washington, D.C.:

The conference report on the social security bill is repugnant to human needs and dignity. Social security benefit levels are totally inadequate, and the work-training requirements imposed on mothers by the conference report are unconscionable. The welfare benefit freeze will impose heavy tax burdens on local communities and adjustments in old-age assistance and welfare standards may deprive the poorest of our retired citizens of any income increases at all. On behalf of more than 6 million members of the Industrial Union Department, AFL-CIO, I urge you to vote against the social security conference report and subsequently to instruct conferees to insist on the provisions of the Senate bill.

WALTER P. REUTHER,
President, Industrial Union Department,
AFL-CIO.

MIAMI BEACH, FLA.,
December 11, 1967.

Senator FRED R. HARRIS,
Washington, D.C.:

AFL-CIO considers conference reports on social security absolutely inadequate. Most of Senate provisions designed to improve House bill have been abandoned. Benefits for OASDI recipients would barely exceed already increased costs of living. Retreats on welfare provisions enacted by Senate are travesty on America's image as compassionate and humanitarian nation. We urge every senator to vote against this deplorable attack on poor and underprivileged and request another conference to secure passage of an adequate social security bill.

GEORGE MEANY,
President, AFL-CIO.

WASHINGTON, D.C.,
December 12, 1967.

HON. FRED R. HARRIS,
U.S. Senate, Washington, D.C.:

We are extremely dismayed over the conference committee report on social security amendments. The basic approach to public welfare embodied in the report is not in keeping with human dignity. We urge correction of the coercive features of the report, the elimination of the freeze on number of AFDC recipients and the limit on amount of medicaid payments. Urge you to oppose conference report and to seek the return of the bill to conference committee for results more in keeping with the Senate bill.

Very Rev. Msgr. LAWRENCE J. CORCORAN,
Secretary, National Conference of
Catholic Charities.

SIOUX FALLS, S. DAK.,
December 12, 1967.

FRED HARRIS,
Senate Office Building,
Washington, D.C.:

Know of hearty professional support for your coalition of Senators Mondale, Kennedy,

Morse, Kennedy, Harris, Hartke, and Metcalf regarding Senate position on 12080 ADC provisions better than the 1967 social security amendments perish than that we regress to the punitive era of the English poor laws of 1600.

Robert Mabbs National Assn of Social Works Commission Social Actions for Iowa Kansas Minnesota Missouri Nebraska, North Dakota and South Dakota.

NEW YORK, N.Y.,
December 12, 1967.

HON. FRED R. HARRIS,
U.S. Senate, Washington, D.C.:

The Board of Social Ministry, Lutheran Church in America is opposed to the regressive public welfare measures embodied in the conference report on the social security amendments of 1967. We support you in your efforts to keep the substance of the Senate bill.

CEDRIC W. TILBERG,
Secretary for Program and Leadership.

NATIONAL SOCIAL WELFARE ASSEMBLY,
New York, N.Y., December 11, 1967.

HON. FRED R. HARRIS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARRIS: Thank you for your letter of December 6 about the Senate floor action on H.R. 12080.

These are indeed great gains and it was heart-breaking to lose them all in conference. The welfare, church, labor and other groups supporting the earlier Senate action on welfare changes are, therefore, hoping that the conference report will be rejected in the interest of a better bill.

We are naturally concerned that the social insurance beneficiaries should not be long deprived of badly needed increases but feel the Senate can appropriately insist on the level of benefits in its bill as well as a welfare program which is morally and practically tenable.

Sincerely yours,
ELIZABETH WICKENDEN,
Technical Consultant on Public Social
Policy.

Mr. HARRIS, Mr. President, I will not read the telegrams, but I will just point out the organizations that are represented by some of these letters and telegrams.

For example, here is a telegram from Mr. Arthur M. Stevenson, Jr., president of the National Presbyterian Health & Welfare Association.

A telegram from the Farmers Union. A telegram from the chairman of the Committee on Public Affairs of the Community Service Society of New York.

A telegram from Mr. Arthur S. Fleming, president of the National Council of Churches. This telegram reads:

Public assistance and welfare provisions of 1967 Social Security Amendment approved by conference committee represent major retreat from gains won over many years. Freezing of rolls on aid to dependent children and compulsory work programs are punitive and regressive in effect and would work hardship not only on the poor but on State and municipal welfare resources we commend you for your leadership in urging that Senate stand by its version of bill.

Mr. President, I have a similar telegram signed by Mr. Roy Wilkins, chairman of the executive committee, Leadership Conference on Civil Rights.

Another telegram of similar nature was received from Mr. Charles I. Schottland, president of the National Association of Social Workers.

I have a similar telegram from Mr. Joseph H. Reid, executive director of the Child Welfare League of America.

Here also is a similar telegram from Mr. Philip Bernstein, executive vice president of the Council of Jewish Federations and Welfare Funds.

A telegram from the general director of the Family Service Association of America and from the executive director of the Division of Christian Social Concern of the American Baptist Convention have also been received.

A similar telegram from Mr. Walter P. Reuther, president of the Industrial Union, Department of AFL-CIO.

A telegram from Mr. George Meany, president of the AFL-CIO, as well as the Very Reverend Monsignor Lawrence J. Corcoran, secretary of the National Conference of Catholic Charities are at hand.

I have another telegram along the same general line from the National Association of Social Works Commission, Social Actions for Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

Another telegram is from the Board of Social Ministry of the Lutheran Church in America.

Finally I have here a letter from Elizabeth Wickenden, technical consultant on public social policy of the National Social Welfare Assembly.

Mr. President, I believe this illustrates the deep concern of these groups. The communications I have inserted in the RECORD for Senators to read illustrates why it is imperative that we lay over this bill, or at least these provisions of this bill, until next year, so that the country may know the situation and Congress may know what it is about to do to a great many poor people in this country.

SOCIAL SECURITY AMENDMENTS OF
1967—CONFERENCE REPORT

Mr. LONG of Louisiana. Mr. President, a point of order. Under the rules, does the conference report on H.R. 12080 automatically come down at this point, or must I make a motion?

The PRESIDING OFFICER. Not until after 2 hours have expired following the convening of the Senate.

Mr. LONG of Louisiana. Mr. President, I move that the conference report on H.R. 12080 be laid before the Senate.

The PRESIDING OFFICER. The clerk will state it.

The LEGISLATIVE CLERK. A bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

The PRESIDING OFFICER. The question now is on adoption of the conference report.

The motion was agreed to.

Mr. LONG of Louisiana. I move that the vote by which the conference report was agreed to be reconsidered.

Mr. BYRD of West Virginia and Mr. DIRKSEN moved to lay the motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. STENNIS. Because there was no recorded vote on adoption of the conference report, I have asked the Senator to yield to me for a very brief statement, to let me say that I think the conferees did an excellent job in working out the differences in the House and Senate versions of the bill.

I said, when the bill passed the Senate, that I would vote against it but if certain conditions were met and reductions made, to be frank about it, I hoped to support the bill that came from the conference committee. I highly commend the conferees and I do support the measure that has just been brought before the Senate. Had there been a rollcall vote on it, I would have supported it and would have spoken in support of the position taken by the Senator from Louisiana.

Mr. LONG of Louisiana. Let me say to the distinguished Senator that so far as I am concerned, I would have had severe doubt about voting for that bill the way it passed the Senate, had I not known that the House conferees were not going to give billions of dollars which were lowered into the bill when there were no taxes to pay for it. That would have been irresponsible. That is probably what tilted the Senator's vote against the bill. I knew, of course, that when we talked to the House, they would automatically take the view that if we did not provide the money to pay for it, they would not take the amendments.

Naturally, if those amendments are offered with no funds to pay for them, they automatically go by the board, and they will not consider them. We reduced the cost of it because it was necessary to make the bill financially responsible. I believe that the Senator will agree that after he has thoroughly studied it, he will say that it is a good bill.

Mr. STENNIS. I do agree, and I commend the Senator again for a long, hard job on a very difficult bill, handling himself and the bill in an excellent way.

Mr. COTTON. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. COTTON. I join the distinguished Senator from Mississippi not only for myself, but also for the Senator from Vermont [Mr. PROUTY] who is, as the Senator knows, absent because of illness. The Senator from Vermont has been deeply interested in this whole social security problem. I join in commending the distinguished Senator from Louisiana and his associate conferees in doing the very best possible job they could, to uphold the wishes of the Senate, and to save the bill.

This year, Congress has taken care of many of the needs of our people. It has taken care of raising military pay. It has taken care of raising the pay of our civilian employees in consonance with the cost of living. It has taken care of foreign aid. It has taken care of and made appropriations and authorizations for the poverty program. It has appropriated money for model cities. It has gone down the line for the American people.

If we, in this session of Congress, went home and left the social security bill hanging in the air, it would mean that we had failed our elderly retirees, many of whom are living under great difficulty today with the social security payments which they receive.

That is why I commend the Senator from Louisiana. I wanted this bill to be a little different. I wanted a higher rate for those getting the minimum. I wanted \$70 a month for them. I thought it was highly important. But the most important thing is that we do not go home from this Chamber without having taken care of those who are obliged to live on social security.

Once more, I congratulate the Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, I thank the distinguished Senator from New Hampshire. Let me say that this bill provides for the largest increase in cash benefits of any social security bill

in the history of the United States. It is necessary, because, since the last social security bill was passed, the cost of living has gone up 8 percent, yet those on social security have had their meager income reduced by that 8 percent. This will be a guaranteed 13-percent increase. It will overcome the increase in the cost of living. Also, the fact is, benefits never were really fully adequate to meet the needs of our people. Now 24 million of our older people can get the help they need. Many of them have exhausted their medicare benefits. This will give them 45 more days, with \$20 deductible, which will be more meaningful for those who have used up their medicare benefits—those who need it most—because with the smallest check, the percentage increase is biggest—a 25-percent increase, if they were living on a pitiful check. I would like to make it \$70. I would like to have all sorts of needs taken care of. We took care of first things first. We took care of the most disadvantaged group—24 million of our older people—who will be benefited. Every social security retiree will be benefited under the bill.

Mr. MANSFIELD. Mr. President, I was unavoidably absent from the Senate Chamber when, like a flash of lightning, the conference report on the social security bill was agreed to.

What was done is fully within the rules and regulations and procedures of the Senate, but I think the way it was done raises a most serious question so far as the rights of any individual Senator are concerned.

I am not on the side of those who had intended to talk on the conference report. I felt that what they were doing was unwise. I was in favor of the conference report. I have said I intended to make a speech to that effect today, even though it has some deficiencies which I abhor and which I would hope could be corrected, but, so far as the conference report as a whole was concerned, we were faced with accepting it or having nothing at all.

In my judgment, the Senate should have approved it and should have then sought, next year, through various ways and means, either in Congress or in considering the feelings of interested people in various parts of the country, in that way to create a sentiment which would bring about the necessary modifications.

I want to compliment the distinguished Senator from Louisiana, the deputy majority leader, and the conferees on both sides for doing what they could to get the best possible bill out of the committee. And it is a good bill, a very good bill in many respects, because it gives 24 million of our elderly citizens a 13-percent increase in benefits. It increases medicare by 60 days. It extends the hospitalization benefits. And there are other aspects of it which make the bill, despite its deficiencies, a meritorious and necessary one at, this time, with the needs of the oldsters and the others being taken into careful consideration.

But, Mr. President, there is such a thing as decorum and dignity in this body. There is such a thing as the right of every single individual Senator, re-

gardless of his views, being protected; and I would like at this time, because I think in this instance this group of Senators has been treated most unfairly, to ask unanimous consent that this conference report be reconsidered.

Mr. LONG of Louisiana. Mr. President, reserving the right to object—and I speak in this regard not as assistant majority leader; I speak as the chairman of the Senate conferees and the chairman of the Senate Committee on Finance—I am well on notice that some Senators did not intend to permit us to vote on this conference report in this session, which means we would have to go back and tell these fine old people—24 million of them—that they would have to go without their social security increase.

Frankly, I have done a lot of filibustering in my day. One thing we know about filibustering—if you do not want the Senate to vote, you had better start talking or engage in some dilatory tactic, otherwise, the Senate is going to vote. When I came here I was taught by men like Alben Barkley, who used to bring down that gavel so fast it would make your head swim.

We had three consecutive votes. Any Senator could have suggested the absence of a quorum or started talking, or have done anything he wanted to do. I have served in the Senate for almost 20 years. I have served under Republican leaders and under Democratic leaders of this body, and those with whom I have served have taken the view that if you have a filibuster on your hands, you had better break it if you can. One way to break a filibuster is to vote when you have a chance to vote.

Mr. MANSFIELD. Mr. President, will the Senator yield there?

Mr. LONG of Louisiana. Yes.

Mr. MANSFIELD. May I say I had intended to stay in session until this bill was disposed of. May I say I was even considering fairly seriously the possibility of invoking cloture in an effort to bring this debate to an end. May I say that when the leader is called out on official business, he ought to be given some consideration because of his responsibilities as far as this whole body is concerned. And had I been here, I would have objected, and the Senator from Louisiana, who is deputy majority leader at the same time he is chairman of the committee, I believe would recognize that fact. I must apologize for not being here, but I just could not be here. I had an official call I had delayed.

But I do ask, in behalf of the rights of these few Senators, that this matter be reconsidered. I am hopeful if it is—although I have no assurances—that the debate will not be too long and, if possible, we will be able to get to a vote this week or, if need be, next week. I would not object to coming in at 8 o'clock in the morning and staying until 12 o'clock to give them a chance to dramatize their case. I have told Senators and others who have advocated it that there would be no round-the-clock session. But I do think they are entitled to be heard. They have not been heard except haphazardly and incidentally. They do not have the votes and they will not have the votes under any circumstances at all, in De-

cember or January, to stop the acceptance of this conference report.

So I hope, in view of the unusual situation which has developed, that the proper consideration will be given to these Senators. May I say that if it were only one Senator and I were opposed to him completely, 100 percent, I would ask for the same consideration under conditions of this sort.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield—

Mr. LONG of Louisiana. Mr. President, I believe I have the floor.

Mr. MANSFIELD. I had the floor.

The PRESIDING OFFICER. The Senator from Montana has the floor. To whom does the Senator from Montana yield?

Mr. LONG of Louisiana. If the Senator will yield to me—

Mr. MANSFIELD. I yield.

Mr. LONG of Louisiana. I would say to the Senator that if the majority leader had made a commitment to someone who wanted to oppose the conference report that he was going to prevent this matter from coming to a vote until he or they were here to prevent it from coming to a vote, that would put this in a different light.

Mr. MANSFIELD. I made no such commitment, but I feel I have an obligation.

Mr. LONG of Louisiana. I would be willing to permit a motion to reconsider to be entered. I am not willing to go beyond that point because to do so means, if we are forced to resort to a cloture motion, it would require a two-thirds vote, whereas a motion to reconsider would permit us the opportunity for debate, and we could have a vote between now and New Year's because if a motion to table were made, it would not be debatable. I have no objection to adopting that position. I do object to this bill, involving the hopes and needs of retirees and 24 million social security beneficiaries, being killed by dilatory tactics.

If the Senator would be content that we would agree that a motion to reconsider would be in order, then I would not object to such a motion being entered.

Mr. MANSFIELD. May I say I am on the same side as the distinguished Senator from Louisiana, chairman of the committee which reported the conference report; and I would hope that, regardless of our personal feelings, we would have a chance to reconsider. I know the feelings of a number of Senators on both sides of this measure, and I appreciate their feelings, and I sympathize with all of them. But there does come a time when we do have to recognize that any individual Senator, let alone any group, no matter how small or how large, should be given the full protection of the Senate. I would hope that, regardless of our feelings, we would allow a reconsideration of the matter at this time because of the unusual situation which has developed.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that a motion to reconsider may be in order.

The PRESIDING OFFICER. Is there objection?

Mr. DIRKSEN and Mr. COTTON addressed the Chair.

Mr. DIRKSEN. Mr. President, there was a unanimous-consent request by the distinguished majority leader, and obviously the deputy majority leader cannot present his request until that is first acted on.

Mr. LONG of Louisiana. Mr. President, I object to the first one, and I ask unanimous consent that a motion to reconsider might be in order.

Mr. COTTON. Mr. President, reserving the right to object—

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. COTTON. Mr. President, reserving the right to object, I agree with the distinguished majority leader, of course, that it is the duty of every Senator to try to guard and protect the rights of every other Senator. But when the conference report was adopted on a voice vote, there were on the floor of the Senate Senators who represent the majority leadership, even thought the distinguished leader himself could not be called to the Chamber at the time. All the other officials were in the Chamber. I saw also in the Chamber, Senators who are interested in delaying, if not defeating, the adoption of the conference report. The matter was, as has been stated by the Senator from Louisiana, the subject of three voice votes.

I speak as a Senator who had intended to object and to vote against laying aside the conference report or to taking up any other business until we had acted upon the report. I speak as one who feels that after Congress has provided for many segments of the population, it would be sad and a disgrace to go home and leave the recipients of social security hanging on a thread, dependent on what might happen next year. Speaking as one who intended to make certain that action was taken, I suggest that we meet halfway the Senators who oppose the conference report.

I sat in my chair last night, prepared to sit there for an hour. But those who wish to debate and express their views against the conference report did not choose to do so, and the Senate adjourned in 10 minutes.

I certainly join the majority leader in not wanting to see any Senator deprived of his chance to be heard. But there is certainly ground for suspicion that the purpose of those Senators is, in the last hours of this session, to debate until such time as the conference report is not acted upon.

If they want unanimous consent to have the Senate rescind the action that was taken on the floor of the Senate—and certainly I would be anxious not to impinge upon their rights—then let us have a quorum call and obtain a unanimous-consent agreement that if the action by which the conference report was agreed to is rescinded, there be a limitation of debate, the time to be long enough to enable them to be heard, before we vote again. If the vote is rescinded without that kind of arrangement, it will be highly questionable, indeed, whether the Senate will have a chance to vote on the conference report.

If the Senate is to agree to rescind its action, it would seem to me to be fair that those Senators who have inadvertently lost their opportunity should first agree that there shall be some limitation on debate. I do not care whether it be 4 hours, 10 hours, a day, a day and a half, or even 2 days. But I think we should have a unanimous-consent agreement to vote on this matter. If we do not, I am afraid I shall be constrained to object even to the request of the distinguished Senator from Louisiana.

Mr. LONG of Louisiana. Mr. President, I hope the Senator understands that the request I made is that a motion, which is debatable, would be in order, so that in due course, at such time as the Senate felt that there had been adequate opportunity for everyone to be heard and express his views, we could proceed to a vote.

Mr. PASTORE. Mr. President, just a word.

First, I wish to say this: All of us have just as much interest in children under 21 as we have in our "golden agers" above 65. All of us who are interested in the elimination of the freeze are naturally for the increase in social security. I do not think any Senator, in good conscience, even though we cannot achieve our purpose of eliminating the freeze, would wish to do anything to balk or stop this very necessary increase to our elderly citizens under social security. So I say the idea of a filibuster can be banished from everyone's mind, because I do not think there will be a filibuster at all.

However, I do quite agree with my good friend from New Hampshire, who is a very reasonable man, that we ought to have some kind of an understanding here to vote at a time certain; whether it should be 5 o'clock today, 12 o'clock tomorrow, or 5 o'clock tomorrow I do not know and do not care, as long as we can obtain that assurance for anyone who even imagines there might be a filibuster in process here, so that that apprehension can be eliminated completely from our thoughts.

But I do wish to call to the attention of the leadership that it has been my unfortunate responsibility—and I use those words most advisedly—for the last 2 or 3 years, to manage both the foreign aid bill and the supplemental appropriation bill, which are usually the last two bills considered by Congress. There has been a lot of talk in the newspapers—and I hope that I might have the attention of Senators who are in private conversation; I hope I am not wasting my time—about adjournment fever.

Realizing the fact that Congress wants to adjourn sine die on Friday night, we have been working night and day, not only on the foreign aid bill but also on the poverty bill. Now we have resolved the foreign aid bill. We agreed with the House conferees yesterday afternoon, and in all probability the matter will come to the Senate for consideration either today or tomorrow.

In the meantime, we have just reported out the poverty bill. Not only do we have to go through the process of consideration on the Senate floor, we have to

meet in conference, the House has to accept the report of that conference, and then the conference report must come back to the Senate for action.

I ask only this: Let us agree on a time certain to vote on this social security bill, but at the same time allot to my committee 2 or 3 hours to resolve on the floor the poverty bill, so that we can go to conference, and then all we shall have pending before the Senate will be four reports, and I think we can all get out of here by 5 o'clock tomorrow night.

But if I am going to be required to wait here and wait here, and then, after the Senate gets through with this hassle, go through the process of bringing up the poverty bill, then go over to the House of Representatives and hold our conference, and then come back here, I announce to the Senate now that I have no intention of staying here Saturday, and if we do not get it done by Friday, we will have to go over until next week, my patience is now at a breaking point.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. What the Senator says is correct; and, if I may have the attention of the distinguished minority leader, the distinguished Senator from Delaware [Mr. WILLIAMS], the distinguished Senator from New Hampshire [Mr. COTTON], the manager of the bill, the distinguished Senator from Oklahoma [Mr. HARRIS], the distinguished Senator from Maryland [Mr. TYDINGS], and the distinguished Senator from Rhode Island [Mr. PASTORE], I ask the Senator from New Hampshire, would he withdraw his reservation or qualification if I could give him assurance—which I am giving in the utmost good faith—that the vote on the pending conference report will take place at 11 o'clock tomorrow, Friday, morning?

I make this request after discussing the matter. I think it brings this situation to a head. It will protect the rights of the Senators who are raising questions about the conference report, and I think it will meet the feelings of the great majority of the Senate, if this could be agreed to and a reconsideration brought about.

Mr. COTTON. Mr. President, I have little doubt in my mind that the distinguished majority leader would be able to fulfill his perfectly sincere assurance—but, Mr. President, I do have that little doubt. I have been here too long and seen too many recalcitrant Senators come on the floor who were not present when an assurance was given. I cannot see why the distinguished majority leader cannot make his request for a unanimous-consent agreement to vote at whatever hour he designates on Friday, and if that consent is obtained, then, of course, we can all be perfectly sure.

Mr. MANSFIELD. Mr. President, just to emphasize what the distinguished Senator from Louisiana has already said, I ask unanimous consent that the vote on the conference report which has just been agreed to by the Senate, be reconsidered, and that another vote on the conference report take place at 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Before that unanimous-consent request can be considered, the unanimous-consent request of the Senator from Louisiana will have to be withdrawn or acted upon.

Mr. LONG of Louisiana. I withdraw it. Mr. President, I ask unanimous consent that I might amend my request to provide that a motion to reconsider be in order, and that if that motion to reconsider be agreed to, that the Senate agree, by unanimous consent, that we will vote on the conference report at 11 a.m. tomorrow.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered; and that the vote on the adoption of the conference report occur tomorrow at 11 a.m.

The unanimous-consent agreement was subsequently reduced to writing, as follows:

Ordered, That the Senate proceed to vote on the adoption of the conference report on H.R. 12080, Social Security Amendments of 1967, at 11 o'clock a.m., Friday, December 15, 1967.

(This order was subsequently modified to provide for the vote to be had at 11:30 a.m.)

Mr. TYDINGS. Mr. President, for the record, the failure to object at the time of the passage of the conference report was my error and my mistake.

I take full responsibility for what happened. I was standing at my seat in the rear of the Chamber after the morning hour waiting to be recognized for the purpose of opposing the adoption of the conference report. It was my understanding that an agreement had been reached to take up the matter of the consideration of the supplemental appropriations before the social security conference report. Naturally, had I realized that the report being slipped through was the social security conference, I would have objected. I mistakenly assumed the majority whip was passing the supplemental appropriation which I supported.

To that extent, I think that the Senator from Oklahoma [Mr. HARRIS] and others should be protected from any responsibility to detect this unusual tactic. Unfortunately, in this great deliberative body, at times one learns the hard way. I will be a little older and a little wiser because of the error and I will certainly use better judgment in the future in my reliance on certain traditions and customs of the Senate.

It took 30 seconds after the morning hour for the conference report to be moved through.

Mr. LONG of Louisiana. Mr. President, when I was serving my first term, I was filibustering the Basing Point bill. The then Senator from Illinois, Mr. Douglas, and I made a motion to reconsider when the chairman had put the motion on the conference report. And we were able to obtain agreement that we would debate the motion to reconsider which was subject to a motion to table. It was subject to a motion to reconsider, and we were in a position that we had to permit the matter to come to a vote when, as far as I was concerned, they had every intention of filibustering that bill to death.

There is nothing at all new about someone losing some of his parliamentary rights because of his failure to object or to start speaking when a measure comes before the Senate.

It has happened to me.

Mr. TYDINGS. Mr. President, for the RECORD, I did not intend, nor did any of my associates, to filibuster this matter. I have a speech of some 1½ hours duration the substance of which I have delivered before, but which I had hoped to deliver again. Now that we have a unanimous-consent agreement, I hope that I will have that opportunity. I merely wanted to point out where the responsibility lay as far as the failure to object is concerned.

Mr. LONG of Louisiana. Mr. President, I agreed to the unanimous-consent request in order to accommodate other Senators. I will not be here tomorrow to vote on that conference report, because I have made longstanding commitments that require me to be in Louisiana. However, to accommodate other Senators, I was willing to agree to a unanimous-consent request so that other Senators could make their speeches.

I trust the good judgment of the Senate, even though I will not be here to respond to their arguments. I am confident that the conference report will be agreed to. Everybody can make his speech and the Senate can vote on the matter tomorrow.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. BYRD of West Virginia. Mr. President, I made the motion to table the motion to reconsider a little while ago in the normal course of things, as we do ordinarily when a motion to reconsider is made. We normally make a motion to table that motion.

My motion to table the motion to reconsider was made as we ordinarily make it and without any thought or desire to shut off those who wish to delay action on the conference report.

The failure of the Senator from Maryland to object does not reflect any discredit on him. There was a good bit of moving about and talking in the Senate Chamber. I do not think the Senator from Maryland heard or was aware of what was taking place.

I am glad we have been able to work this matter out so that all Senators will have an opportunity to express their feeling and we will have an opportunity to get on with the work of the Senate.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the conference report on the social security bill.

SOCIAL SECURITY AMENDMENTS OF 1967—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children and for other purposes.

Mr. TYDINGS, Mr. President, a number of the provisions of the social security bill which is now before us are, in my judgment, most unwise. I want today to discuss several of these provisions which, I believe, must be changed. Let me discuss, first of all, the provision regarding mandatory work requirements for mothers, even though they are caring on a fulltime basis for their children. The provision was adopted ostensibly as a way to save welfare funds. But, in the long run, I believe this provision will cost us much more—in financial and human terms—then it can possibly save. The reason this will occur is because the children of mothers forced to work must be cared for in some manner. The present legislation envisions that this care will take place in federally supported day-care centers.

While I firmly support the principle that day-care centers should be established, so that low-income mothers can go to work confident that their children are properly cared for, I believe that it is inappropriate to force children into these day-care centers.

The provision regarding mandatory placement of children in day-care centers while their mothers work or obtain job training would be admirable if it were done on a voluntary basis. But as a mandatory program, it is both unnecessarily punitive and wholly impractical.

The provision is impractical because we cannot wave a magic wand and produce the quantity of buildings or equipment or trained personnel to establish acceptable day-care centers to handle anywhere near all of the children now receiving welfare payments. The provision is unwise and unnecessarily punitive because, by requiring States to establish day-care centers for all welfare children we will almost inevitably

prompt creation of places where children are stored rather than cared for. We will punish the parent by depriving the children of adequate care, and in the end all society will be the losers.

According to statistics compiled by the National Committee for Day Care of Children, there are presently accommodations for about 400,000 children in day-care centers throughout the United States. This figure refers only to facilities licensed by States generally certifying conformance with minimum health standards, and does not necessarily mean that the staff of such centers is trained to handle children or that the center has adequate facilities for play or training. There are presently more than 1¼ million children under school attendance age now receiving public welfare. Thus simply to accommodate these children, existing day-care facilities must be increased threefold.

I believe that an increase in the number of and improvement in the quality of day-care facilities in this country is long overdue. But we must not fool ourselves into believing that establishment of adequate centers is an inexpensive proposition—a cheap way to save welfare funds. The National Committee for Day Care of Children—experts in this matter—estimate that minimum annual cost of adequate day care is \$1,200 to \$1,500 per child. This is the range of annual cost per child in the children's development centers run by the OEO Headstart program. Using the lowest figure, of \$1,200 per child, we are talking about \$1.5 billion each year for the 1¼ million pre-school-age children now on welfare.

These cost estimates are not exaggerated or extravagant. Children—particularly preschool children—need considerable attention, guidance, and affectionate relations with adults. This means that trained staff is needed, not to mention facilities, equipment, food for the children, and so forth. We cannot take children from their mothers and place them—with 30, 40, or 50 other children—into bare prison-like rooms where they are warehoused, like so many cardboard boxes, all day while their mothers work in order to remain on the welfare rolls.

If we do this to children in their crucial formative years, we must expect them to grow with serious and irreversible antisocial personality blights. We must expect the gravest kind of social delinquency to result as these children grow to adults. This will happen if we store children in "bargain basement" warehouses deceptively labeled as "day-care centers."

H.R. 12080 offers no assurance that this will not happen and, because this is a mandatory program, I think the bill virtually assures that in many States this will happen. The bill sets no standards of care—no teacher-child ratio, no minimum qualifications for those caring for the children, no minimum expenditures for play equipment or teaching materials—which must be met in these day-care centers.

The bill simply requires States to establish something called day-care centers. In fact, many States do not now

even require licensing and inspection of day-care centers, and many of those which do prescribe only minimal sanitation standards not care or staff qualification standards. How many States will be willing to spend even the 15 to 25 percent matching funds required for establishing anything but "bargain basements" to warehouse children while their mothers work.

Imagine the cruel dilemma this situation would create for a mother on welfare. Should she abandon her children for 8 to 10 hours each day to a cheerless child warehouse, where incalculable harm will almost certainly be done to their growth, or should she give up the welfare payments which are essential for her to feed and clothe her children? We may save some welfare funds by forcing a mother to leave her children in a "warehouse" and work during the day. But in a few short years, society will pay a vastly greater price when the results of this deprivation—in antisocial and criminal conduct—come home to roost.

I believe this dilemma can be avoided, and our system of public welfare immeasurably strengthened by changing this program from mandatory to voluntary, so that mothers can choose whether they will work outside their homes during the day and leave their children at day-care centers. In addition, we must specify minimum standards of facility quality and child care which State day-care centers must meet to be eligible for Federal assistance.

If we adopted this noncoercive approach I think a surprisingly large number of mothers on welfare would voluntarily participate. At present we have too few adequate day-care centers to test my supposition. And the present rule which deducts 100 percent of earnings from welfare payments is a strong incentive against work. But, with great wisdom, H.R. 12080 abandons this 100-percent tax on earnings. And if the bill would also make possible the funding of new child day-care centers, for voluntary use, I believe that a large number of women will go into gainful employment, confident that their children are being well cared for while they work. But in many other cases, a mother's most important place is in the home attending to the needs of her children. This too is work which is vitally important to the health of our society, and this basic fact is overlooked by any mandatory requirement that a mother leave home and work during the day.

Just this summer, with Mayor McKel-din, I took a number of walking tours in the center city of Baltimore, trying to learn of the complaints and listen to the problems of the least affluent of my constituency. I learned that mothers wanted day-care centers where they could leave their children.

I am satisfied that when the facilities for decent day-care centers are provided and made available, they will be utilized to 100 percent of their capacity. But the thing that concerns me about the provisions in the conference report on the social security bill is that we run too great a risk of not obtaining, under this bill, decent and adequate day-care facilities. We are going to have too many

States willing to provide any type of barn, basement, or shack, and call them day-care facilities in order to receive additional Federal funds. That is what concerns me.

How many times have we heard Members of the Congress stand up and criticize the fact that the home today in America is not the bulwark of our society which it used to be? How many times have we heard Members of this body and the other House complain that we need more mothers staying home to take care of their children, so they can know what is happening to their children, and give them supervision and guidance? Yet this legislation is designed to force mothers away from children who desperately need supervision and guidance.

I would like to make an additional point. It is vitally important that we delete the provision in the conference version which freezes the number of children eligible for relief payments based on the January 1968 relief rolls. I believe this arbitrary cut-off is wholly unjustified, and will place an unjustified burden on State and local taxes. In the city of Baltimore alone, I am informed that in the next year and one-half this provision of the social security bill will cost local taxpayers almost \$4 million.

What is the city of Baltimore or the State of Maryland going to do with our dependent children if there are no funds to feed or clothe them? I sympathize with the goal that we must reduce welfare costs, but we cannot do it by ignoring the human costs of our actions, or by drawing an arbitrary line to deny benefits to some while others similarly situated receive funds.

I want at this time to note for the RECORD the leading citizens and groups in my State which oppose provisions in this conference report. They include the Governor of my State, and I shall read his telegram into the RECORD. He said:

Tremendous hardships would be pressed upon Maryland should the proposed AFDC case load freeze stand. I urge your opposition to it and its ultimate deletion.

SPIRO T. AGNEW.

The mayor of our largest city said:

I urge you to work for Senate and House disapproval of that provision in the pending social security bill which would freeze Federal contributions to the AFDC welfare program. This provision, at the present rate of increase of our AFDC rolls, would cost the State of Maryland and the city of Baltimore, approximately 4 million dollars during the first year alone. This would work a great hardship and impose an unjust financial burden which we cannot afford to bear.

THOMAS K. D'ALESSANDRO III,
Mayor.

I received similar telegrams and messages from—

Arthur S. Flemming, president, National Council of Churches.

John H. Mathis, chairman, committee on public affairs, Community Service Society of New York.

Cedric W. Tilberg, secretary, board of social ministry, Lutheran Church in America.

Manny M. Malman, president, board of directors of Levindale, Baltimore City.

Dr. Hyman S. Rubinstein, president, Maryland chapter, American Jewish Congress.

Mrs. Mae R. Gellman, president, Maryland Women's Division, American Jewish Congress.

Charles I. Schottland, president, National Association of Social Workers.

Ernest M. Kahn, chairman, public welfare committee, Maryland chapter, National Association of Social Workers.

Approximately 100 members of faculty and student body of University of Maryland School of Social Work.

Sidney Hollander, Baltimore, Md.

Tony T. Dechant, president, National Farmers Union.

Dr. Claude D. Hill, chairman, health and welfare committee of Baltimore City's mayor's task force for equal rights.

Richard Bateman, director, housing court clinic, Baltimore.

Mazie F. Rappaport, director, department of medical social work, Baltimore city hospitals.

The Reverend Henry J. Offer, director; Charles G. Tilden, chairman; Baltimore Archdiocesan Urban Commission.

Roy Wilkins, chairman, executive committee, Leadership Conference on Civil Rights.

Joseph H. Reid, executive director, Child Welfare League of America.

Robert I. Hiller, executive director, Associated Jewish Charities, Baltimore.

Dr. Eugene Byrd, national chairman, American Veterans Committee.

The Right Reverend Harry Lee Doll, Episcopal bishop of Maryland.

The Reverend Reinhart B. Gutman, executive secretary, division of community service executive council, Episcopal Church—national.

Ernest H. Smith, Family and Childrens Society, Baltimore.

Jack L. Levin, past president, American Jewish Congress, Maryland chapter.

Harold E. Edelman, executive director, Health and Welfare Council, Baltimore area.

Walter P. Reuther, president, Industrial Union Department, AFL-CIO.

Donald C. Lee, president, Maryland Conference of Social Welfare.

George Meany, president, AFL-CIO.

Calmon J. Zamoiski, Jr., president, Jewish Welfare Fund of Baltimore.

Very Rev. Msgr. Lawrence J. Corcoran, secretary, National Conference of Catholic Charities.

Arthur M. Stevenson, Jr., president, National Presbyterian Health and Welfare Association.

I ask unanimous consent that certain telegrams and messages that I have received may be included in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. TYDINGS. Mr. President, I am also tremendously distressed that the action of the conferees is completely contradictory. On the one hand they say that we are not going to provide any Federal assistance for welfare for additional children who go on the rolls after July 1, 1968. The assumption of this provision appears to be that somehow or other, it is going to persuade welfare mothers from having children. But it will not have that effect. And unfortunately, it is the children who are going to go hungry under this provision.

Yet at the same time the conference report greatly reduces the funds which the Senate had earmarked for voluntary family planning services which would be available to poor mothers, so that they could voluntarily plan not to have more children which would force them onto the welfare rolls. I ask if that is not completely contradictory action by this conference committee.

The Committee on Finance, guided by its chairman, the Senator from Louisiana [Mr. LONG], approved three amendments to the social security bill which I offered. Those amendments dealt with family planning services.

The first amendment made it absolutely certain that family planning services provided with any Federal assistance would be wholly voluntary in nature, and that participation in family planning services could not be made a prerequisite for receipt of other services or assistance.

The second amendment, adopted by the Finance Committee, provided that for fiscal year 1969, in the budget of the Children's Bureau of the Department of Health, Education, and Welfare, \$15 million would be earmarked for family planning services. The need for such earmarking was clearly established because of the past history of family planning programs in HEW, where funds were promised again and again but never allocated.

The third amendment increased the funds available and earmarked for family planning services after initial expenditures of \$15 million in fiscal year 1969, to \$46.5 million in fiscal 1970. In fiscal 1971, the sum would rise to \$72 million, in fiscal 1972, to \$77 million, and in fiscal 1973, to \$82 million.

Under the conference version of the bill, the strong statutory assurances that family planning programs will be voluntary are retained, and money is earmarked in the Children's Bureau budget which can only be spent on family planning services. But the amount of money, Mr. President, has been hopelessly reduced. The conference version provides an initial expenditure of \$15 million in fiscal 1969, but instead of rising to \$82 million by fiscal 1973, expenditures, under the conference bill, would rise only to about \$21 million.

This was a tragic error, Mr. President, that may have even more drastic repercussions, in the long run, than a decision to freeze welfare payments to children after July 1 of this year.

According to the estimates which we have made in subcommittee hearings, endorsed by the Department of Health, Education, and Welfare, there are presently 5 million women of child-bearing age who want but cannot afford family planning services. Senators know what areas those women live in. They live in the very poor poverty-stricken rural areas of our agricultural counties, and in the ghettos in the hearts of our great cities. These are the women, Mr. President, who want to be able to plan their families, to be responsible parents, who want voluntarily to enter into family planning programs, but who cannot afford family planning services.

To provide a woman with family planning services, Mr. President, costs approximately \$20 a year, both for the provision of information, and for medical supervision and supplies. Thus, if we were really attacking the problem as we should, we would be allocating \$100 million a year for this vital program.

With contributions from State and local governments and from private sources, and with the money earmarked by the Senate in the original program, we would have been able, in a relatively brief period of time, I believe, to reach a substantial portion of these women in need, who want to be responsible parents and plan their families. But, because of the reduction of the funds for family planning adopted by the conference, the job just will not be done. And time is running out, Mr. President. I believe that the conference action was a tragic mistake, and that it is vitally important that we launch, not merely a token program, but a program designed to meet the whole need.

It is now indisputably clear that a major factor among the costs of poverty is family size beyond that which the family desires or can afford. The importance of this factor was recognized by both the Senate and the House in establishing a family planning program as one of the special national emphasis programs conducted by OEO. That measure was only yesterday signed into law by the President. The problem is beginning to be recognized; but we must provide the funds to meet the problem, and unfortunately, the conference report fails to do so.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. TYDINGS. I am delighted to yield to the Senator from West Virginia.

Mr. BYRD of West Virginia. Mr. President, I wish to congratulate the Senator from Maryland on the position that he has taken in regard to the need for family planning funds.

The Senator from Maryland has sought to provide leadership for this field in Congress, and while I intend to vote for the conference report, and I do not know what the considerations were that guided the conferees in cutting back on this item—I do not attempt to be critical of them—I do wish to express my support of the Senator from Maryland in his efforts to emphasize and promote and properly fund family planning programs.

Here in the District of Columbia, Mr. President, over 8,000 of the 19,000 children in the ADC category are illegitimate children. This constitutes 42 percent of the children on the ADC caseload.

I was looking over the statistics a few days ago, and I found there a record of six women who have 60 illegitimate children, all on welfare—a half dozen women who have among them five dozen illegitimate children, all on welfare.

There was another group of 14 women with 126 illegitimate children, all on welfare.

Another group of 20 women have 160 illegitimate children, all on welfare.

Another group of 46 women have 322 illegitimate children, all on welfare.

Another group of 172 women have 860 illegitimate children, all on welfare.

Mr. President, the average family unit in the ADC category in Washington, D.C., has increased, over the past 8 or 10 years, from 3.2 children in each unit to 3.8 children in each unit. In some of the families, there are as many as seven different fathers. I cite these statistics concerning the District of Columbia to show the need for family planning among welfare recipients in the Nation's Capital.

Mr. President, the Senator from Maryland is talking about something that constitutes one of the most challenging and pressing as well as one of the most dangerous problems confronting the country, and I think the country is going to have to face up to it. This item has been swept under the rug too long, and the American people are not fully aware of this cancer that is eating at the vitals of our country.

As I watched television during the riots, I wondered how many of those hoodlums who were backing pickup trucks against store windows and carrying away cases of whisky and television sets, or sniping at policemen in the streets, or throwing bricks and bottles at firemen, or overturning automobiles and dragging the drivers from the automobiles, beating them, and burning their automobiles, came out of homes in which the child did not know the identity of its father and the mother could not have cared less.

We cannot blame the illegitimate children. They are not to blame. However, the society of this country is going to have to grapple with the problem and do something about it.

The Senator from Maryland is trying to do just that, and I support him in the matter.

Mr. TYDINGS. Mr. President, I should point out that perhaps the most illuminating study of the riots in Detroit which has been produced to date involved interviews of some 400 of those arrested during that riot. The report concluded that a substantial portion of those arrestees—as I recall, substantially more than 50 percent of the arrestees—were unwanted or illegitimate children.

I think that this tragic statistic will be revealed time and time again in the next decade or two until we provide the same opportunity to plan a family to those who are less fortunate in our rural and city areas as those people have who are more affluent in our society.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield further?

Mr. TYDINGS. I yield.

Mr. BYRD of West Virginia. Mr. President, as chairman of the Appropriations Subcommittee on the District of Columbia, I have sought to provide some leadership in that direction. And I have provided, through the subcommittee—and I believe the Senator from Maryland was an ex officio member at the time we were doing this—directions to the Health Department of the city to utilize available funds to establish several full-time birth control clinic teams and to provide information and devices for individuals in the District of Columbia who are so greatly in need of guidance in family planning.

We are trying to press this matter in the District of Columbia. In the testimony given before my subcommittee this year, the Health Department provided statistics as to the number of women who have taken advantage of these clinics.

The statistics reveal that the program is working and producing good results.

The Senator from Maryland may fail in this instance, but I hope that he will continue to fight for the provision of family planning aid. The country needs his leadership, and I hope that the Senator will continue to provide it.

I, for one, will continue to follow in his footsteps.

Mr. TYDINGS. Mr. President, I think my colleagues in the Senate will be interested in the conclusions reached by an excellent study done by Dr. Harold Sheppard, a consultant for the Subcommittee on Employment, Manpower, and Poverty of the Senate Labor and Public Welfare Committee. This study which was made public in September of this year was entitled "The Effects of Family Planning on Poverty in the United States."

Mr. President, I ask unanimous consent to have pages 729 through 740 of the report printed in the *Record* at this point.

There no objection, the material was ordered to be printed in the *Record*, as follows:

V. COSTS AND BENEFITS

The benefits of an effective family planning program are clear. Poor families with fewer children, limited to the size they themselves prefer, will have a greater chance to move out of poverty, even in the short run. In the long run, children born into a poor family with a limited number of brothers and sisters have a far greater chance to be out of poverty during adulthood than children born into a poor family with four, five, or more brothers and sisters.

There is another category of benefits that should be of equal interest to the public and to the Congress, pertaining to the reduced costs of public programs in such areas as health, education, welfare, and housing. Experts, including those in Government (in OEO and HEW), have calculated cost-benefit ratios of family planning programs that probably exceed the ratios of nearly every other type of public program. The following discussion is based on a number of unpublished documents dealing with this aspect of family planning.

Even with the use of conservative assumptions, such as the participation only of low-income women who already have three children, the rate of infant mortality would be reduced. The rate of mental retardation would also be reduced—not merely the numbers of infant deaths and retarded children. Both infant mortality and mental retardation are higher than average among children with mothers who already have three children. Under the assumption that about 80 percent of women would participate (based on past and current experience in pilot projects) and that births after the third child would be reduced by 75 percent, one estimate is that infant mortality rates among non-whites, for example, would be reduced by about one-fourth. Similar results could be gained in the reduction of maternal deaths and disabilities as a consequence of fewer nontherapeutic abortions flowing from a program of birth control.

Based on these and other types of analyses, Planned Parenthood has calculated that a program consisting of only 500,000 women at an annual cost of \$20 per case (including administrative costs), that is, a \$10 million

program would produce savings of about \$250 million (in terms of reduced expenditures on maternal health care, child health care, care of mental retardates, aid to dependent children, and so forth). In addition, there is the possibility (as suggested earlier in this report) that longer spacing between pregnancies provides greater opportunity for higher family income since parents could improve their education and wives could obtain employment. Over the life of a family, a conservative estimate of an additional income of \$10,000 per family¹ for the 45,000 families not on welfare and affected by the \$10 million program would amount to \$450 million in higher income benefits. This \$450 million figure of private individual benefits added to the previous \$250 million in reduced costs of public programs amounts to \$700 million, producing a cost-benefit ratio of 70 to 1. As already stated, there are few, if any, greater ratios calculated for other types of public program expenditures, at least in programs related to combating poverty.

As of 1964, there were 9.3 million poor children in families with four or more children. If the number of births after the third child had been reduced in their families in the past by only 50 percent, there would have been in that year at least 4.6 million fewer poor persons in the United States—13 percent fewer than the 34 million poor in 1964. This calculation, moreover, does not take into account the possibility that the reduction of family size would have removed a number of families above the poverty line which is partly based on family size in relation to income.

This is a highly conservative approach, moreover. If the family size of the poor were identical to that for the nonpoor there would actually be about 6.5 million fewer children living in poor families.

There are several clear-cut conclusions that we should be aware of in weighing the feasibility of a major expansion of family planning programs in an attack on poverty.² One of these is that the vast majority of Americans now approve of the idea of family planning.

The second is that regardless of income level, the maximum number of children wanted by most families is four. Third, the critical point in the lives of families comes upon the birth of the fourth child, in terms of an increased awareness of the value of smaller families. Fourth, economic reasons are the major ones cited by parents for limiting family size. Fifth, large families obviously aggravate the problems of the already poor: a small income means that per-family-member funds are reduced further. But beyond this, it also means that parents, often poorly prepared, must dilute their child-care time per child; the children themselves suffer from a variety of pressures to an extent greater than those in smaller fam-

ilies (including other poor, but smaller families)—“and a new generation of children grow up with a tendency to be trapped in poverty and failure.”³

Sixth, the obstacles to effective family planning among the poor relate to ignorance or unawareness of the concept; lack of money even when aware; unavailability of, or isolation from, agencies that can provide services; unwillingness to go through the steps in the use of contraceptives; attitudes such as fatalism, and so forth.

Seventh, nevertheless, when programs are made available at little or no cost to poor families they make use of the services and materials provided. This is especially true in the case of the use of more recently developed methods of contraception, such as the “pill,” and the “loop,” and when family planning clinics are run on a person-to-person basis, rather than through a mass media campaign of a general educational nature.

Eight, a comprehensive family planning program must include attention to the problems of young persons (teenagers, especially) from poor families who need sex information and education prior to marriage and/or during the early phase of marriage. Recent studies suggest that lack of family planning (or birth control) for this group results in early births of unwanted children and other burdens preventing the parents (or unmarried mothers) from moving out of poverty. For poor persons, the birth of children soon after marriage (or among young unmarried mothers) tends to decrease the ability of poor parents to advance themselves, or provide for their offspring. This is one of the major conclusions of the Freedman-Coombs study referred to above.

VI. ADEQUACY OF CURRENT FAMILY PLANNING PROGRAMS

The previous sections of this report have attempted to show that:

(1) poverty in the United States is attributable in part to large family size, as evidenced, for example, by the comprehensive analysis of census data showing that children born into small lower income families have a greater chance of becoming nonpoor when adults than those born in large lower income families;

(2) Progress in reducing poverty in recent years is greatest among small-sized families, and is retarded to the extent that poor families continue to have high fertility rates.⁴

(3) Due to such factors as unawareness of effective methods, income, unavailability of family planning methods, low-income women have more children than they want.

(4) The few programs that have been made available have shown that the poor do respond effectively to family planning services.

(5) The benefits of a comprehensive family planning program are significant in their impact on the reduction of poverty and on costs to the community.

Thus, reduced family size is necessary, desired, and possible for and by the poor—and others who prefer to remain above poverty.

But despite the fact that family planning

³ Ibid.

⁴ In 1960, the number of children ever born per 1,000 women 45 years old and over was about 3,000 in families where husbands earned less than \$3,000, and was correspondingly lower in families with higher incomes of husbands—down to less than 2,000 for women whose husbands had incomes of \$7,000 and over. From 1950–52 to 1960, the percent increase in the fertility rates among women 15–44 years old was highest for women whose husbands' incomes were under \$5,000. In 1950, the lowest income group's fertility rate (number of children born per 1,000 women) was only 14 percent above that of the highest income group, but by 1960, it was more than 20 percent above that of the highest income group. Table 55, *Statistical Abstracts of the United States*, 1965, p. 52.

as a method of reducing or preventing poverty may be deemed necessary, desired, and possible, local, State, and Federal Government response has been slow, cautious, and by no means commensurate with the need. Despite the fact that analysts in Government and other organizations have calculated that family planning measures are probably the single most cost-effective program in any war against poverty, the amount of funds devoted to such measures (apart from research on the subject by scientists) is virtually minuscule. Even if we were to include nongovernmental programs financed by nongovernmental funds, it is doubtful whether more than 15 percent of low-income families currently have the benefits of a voluntary participation program of family planning in the United States. As a conservative estimate, there are at least 5 million low-income women who could benefit from such a program, but at most, only 750,000 now receiving assistance. Since the poor become pregnant sooner than the nonpoor and continue to bear children longer (due to earlier marriages and less effective use of contraceptives), one could use a maximum figure of 6 million. In 1966 there were that many poor females between the ages of 16 and 54. If this were the basis of estimates, then there would be a smaller proportion of the target population reached than 15 percent.

Despite the fact that the President enunciated a Government policy favoring family planning in his March 1966, message on domestic health and education—when he said that, “It is essential that all families have access to information and services that will allow freedom to choose the number and spacing of their children within the dictates of individual conscience”—it must be said in candor that the greatest progress “has been in the area of new policies rather than in the implementation of programs.”⁵

The agency which has been indulging in the most enunciations—the Department of Health, Education, and Welfare—has apparently done the least to carry out programs. Current family planning activities on the part of HEW “are off to an exceedingly slow start.”⁶ At best, the Department seems to have taken the position that the emphasis should be on “comprehensive health services,” of which family planning may be a part. But family planning apparently will not be given any special attention or priority—despite the Department's own estimates concerning the higher cost effectiveness of family planning in the area of health, apart from its potentials for the reduction and prevention of poverty.

In fiscal years 1966 and 1967 it has been estimated that \$3 million and \$9 million, respectively, have been used for family planning through HEW-related programs, apart from research and training projects. The projected figure for 1968 may be as high as \$13 million. The difficulty in obtaining definitive estimates lies in the fact that family planning services, if provided at all, are not recorded as a specific diagnostic category in reports originating from HEW-financed sources. At present, there are no plans for a program specifically designated as “family planning” under HEW auspices. None of these funds, it should be noted, were provided through any specific program designated for family planning as such but rather as part of the activities designed for improving health services for mothers and children, Title XIX, and so forth.

Science, the magazine of the American Association for the Advancement of Science, has described the efforts of the Department in the

¹ Based on a study by Ronald Freedman and Lolagene Coombs, “Childspacing and Family Economic Position,” *American Sociological Review*, October 1966, pp. 631–648. In this article, the authors state on the basis of their data that “. . . if children are born very soon after marriage, the need for immediate income and security puts more constraint on the husband in his choice of occupation or on his ability to complete sufficient education to qualify him for higher status jobs with greater income. Rapid family growth may also mean expenses out of proportion to income, with the result that the margin needed to accumulate economic assets must be spent for immediate purchases * * * a couple's economic position is substantially better the longer the interval to the first birth or the last birth.”

² For a summary of the studies forming the basis of these conclusions, see Catherine S. Chilman, “Poverty and Family Planning in the United States,” *Welfare in Review*, April 1967.

⁵ “Current Status of Family Planning Programs in the United States,” by Gordon W. Perkin, M.D., and David Radel, Population Program, Ford Foundation. Mimeographed, no date.

⁶ *Science*, May 12, 1967, “Birth Control: U.S. Programs Off to Slow Start,” by Elinor Langer, pp. 765–767.

field of family planning as "leaderless and leisurely." But concentrating on the doctrine of "comprehensiveness" in its health programs, the Department in practice does not mean comprehensive, but rather whatever State and local health departments care to provide. If these departments indicate a preference for family planning services as part of their total offerings, HEW will not object. But apparently HEW will do little to initiate. The desire not to earmark any funds for family planning means in reality that by the time congressional authorizations and appropriations reduce requested funds for all health programs, very little remains for new programs over and above traditional and previous obligations at the local level. For example, to quote *Science*:

"Instead of the approximately \$270.5 million authorization it [the Department] had requested for the program [under Title XIX of the Social Security Act]—a sum that was approved by the Senate—the authorization for fiscal 1968, after cuts by the House and the House-Senate conference, was only \$125 million. Of that, about \$110 million was needed to support ongoing commitments, leaving only around \$15 million free to meet a variety of demands—of which family planning would be only one."

It is not completely accurate to say that local and State levels of health programs have little interest in family planning, but as stated earlier, previous commitments cannot be reduced in order to provide for increased family planning efforts. According to the testimony on H.R. 6418 (to extend the authority of Public Law 89-749), by the Association of State and Territorial Health Officers before the House Committee on Interstate and Foreign Commerce, on May 3, 1967, and represented by Dr. John H. Venable, director of the Georgia Department of Public Health, there is widespread recognition among the States of the high priority that should be given to family planning. Unfortunately, the discrepancy between the amounts needed and the amounts available is substantial. Dr. Venable provided the example of his own State of Georgia:

"For family planning programs, we have a potential caseload presently of approximately 210,000. Family planning services could be provided for 21,000 people with the expenditure of \$196,000. We have State and local funding at the level of \$146,000. We, therefore, would need \$50,000 additional Federal support for this activity. In 5 years' time, when the caseload has increased to approximately 223,000, we can reach 70 percent of the objective or 156,000 with the expenditure of \$1,380,000. It can easily be seen that there needs to be a great increase in the level of support from the Federal Government for this very necessary activity."

Within the Office of Economic Opportunity, the picture has been more promising. Once again, the mere presence of local community action agencies has resulted in the surfacing of individual and social needs that, for one reason or another, were not being met by previously existing programs, whether public or private, local, State, or Federal—with family planning being one of these needs.

This does not mean, of course, that local communities and organizations of the poor had easy sailing in their efforts to receive OEO approval of family planning projects. At first, there was a general reluctance apparently because of unfounded fears about public objections. Then there were restrictive guidelines as to eligibility, such as services only for married women—without recognition of the disproportionate number of births among young impoverished girls without husbands.⁷ This restriction was later re-

moved by Congress. Confusion continued to reign among regional OEO offices as to Washington's commitment or interest in family planning.

By fiscal 1966, about \$2.4 million in OEO funds had been spent on family planning projects, at the request of local community action agencies. It is expected that about \$4.6 million will have been spent in the fiscal year ending June 30, 1967. These funds are estimated to serve only 100,000 women. Original plans called for expenditures of \$4 million.⁸ 1968 plans include \$10 million for family planning.

But in March of that fiscal year, because of the cutback in congressional appropriations, approximately one-half of the nearly 60 projects then in operation were faced with curtailment or termination, and another 20 proposed projects were not fundable at all. This was despite OEO's own calculations that family planning was perhaps the single most cost-effective approach to the problem of poverty. As a result of strong protests on the part of such organizations as Planned Parenthood-World Population, however, OEO recommitted from "emergency funds" nearly \$800,000 and none of the programs was terminated. Additional supplementary funds were provided to start new projects.

OEO has had to issue at least two directives to its regional offices during the past year to remind them that the agency was favorably inclined toward family-planning projects proposed by local agencies. If there is to be a continued emphasis on local initiative and local priority setting in OEO's community action program, it should be accompanied at least by greater and more effective communication to local groups by OEO and its regional staffs concerning what types of projects are possible and with attention given to the variations in cost-effectiveness of one type of project as over against another. Local communities should be made more aware of the comparative impact on poverty of family planning as compared to, say, more and improved "museum visits."

Finally, it should be noted that OEO, until the first few months of calendar 1967, lacked any special staff in the field of family planning. As of the present, there is one such specialist, a highly qualified physician employed in CAP's health services staff.

The concrete, measurable commitment of OEO to family planning has grown significantly over the past 2 years, in comparison with HEW. At the present time, OEO makes possible the most direct delivery of family services for the poor. This fact alone militates against the otherwise plausible argument of "spinning off" OEO functions to old-line agencies. The problem remains whether its desire to meet an expected increased local demand for support of family planning programs will be matched by appropriate funds and other forms of assistance. In fairness to OEO, it must be pointed out that the solution to this problem lies essentially with Congress which must decide whether to "earmark" for family planning within a static level of authorization for the war against poverty—thus creating a cutback on other programs—or add to the present level of authorization and commitments a sum necessary for an effective application of family planning services to the problem of poverty in America today and in the future.

"It is apparent that today in the United

families constituted 80 per cent of all female-headed families, with these many children; i.e., out of 600,000 female-headed families with four or more children, 80 percent were living below the SSA poverty line. In 1955 the number of poor children in families with female heads was 4.4 million.

⁸ OEO claims that approximately \$1.75 million of 1967 allocation for neighborhood health centers has also been spent for family planning services.

States," stated Dr. Alan Guttmacher, president of Planned Parenthood-World Federation, in his testimony of June 8, 1967, before the Senate Subcommittee on Employment, Manpower, and Poverty, "family planning is accepted as an important and necessary component of community health services. The question that faces us today is not whether or not family planning services are needed; it is not a question of beneficial results; it is not even a question of individual or societal acceptance—rather it is a question of the degree of priority we are willing to place on family planning services for the medically impoverished and how far we are willing to go to implement that priority."

Mr. TYDINGS. Mr. President, as this report indicates, the need for family planning services is crystal clear and the benefits are equally clear. The benefits are absolutely vital in any war against poverty. The social security bill as passed by the Senate would have met that need. But, regretfully, the conference bill fails to meet the need.

Dr. Sheppard's report notes the inadequacy of existing governmental family planning programs. In the past I have been critical of the Department of Health, Education, and Welfare and of the Secretary of that Department for failing to give this program the priority which it requires. Just a little over a month ago, a report by an HEW consultant, Dr. Oscar Harkavy, of the Ford Foundation, was made public. Dr. Harkavy's report concluded that HEW had failed to give clear or strong leadership to the family planning program, and that the program suffered from lack of funds and personnel. It indicated that we had a long, long way to go before the Federal Government even began to approach an adequate family planning program, and I believe the report offers eloquent testimony to the reasons why the conferees should have accepted the Senate version of the family planning amendments.

I want to cite a summary of recommendations made by the Harkavy report, to indicate how far we have to go, and why the Senate amendments regarding family planning should have been adopted.

I am now going to read into the Record some of the principal points made in the summary of recommendations of the Harkavy report.

Mr. President, I read from the summary of recommendations:

Beginning with Secretary Gardner's January 24, 1966 policy statement, DHEW has made some progress in support of family planning services and of research and training related to population problems. Yet it is clear that none of the DHEW Regional Offices or operating agencies presently places high priority on family planning, or is certain what precise functions it is expected to carry out in this field. If the DHEW effort is to be commensurate with the need and with the Secretary's expressed intent it must greatly increase the funds and professional staff manpower devoted to this field. To this end the following recommendations are made:

Mr. President, I ask that the recommendations from page 2 through page 8 be printed in their entirety at this point in the Record.

There being no objection, the recommendations were ordered to be printed in the Record, as follows:

⁷ As an indirect reflection of this problem, in 1965 one-third of female-headed poor families had four or more children, and these

1. A clear signal from the Secretary that vigorous support of this field is an integral part of DHEW business seems necessary. The recent designation of family planning as one of six priority areas, without extraordinary action such as the reprogramming of funds and assignment of existing personnel, is not regarded by the staff as a mandate.

2. A new policy statement is needed to set forth much more explicitly the Department's objectives in family planning and how it proposes to achieve them. This could be coupled with additional actions by the Secretary as outlined below, and with issuance of specific policy statements by each of the principal agencies involved—Children's Bureau, Public Health Service, Medical Services Administration, Assistance Payments Administration, and Office of Education—detailing clearly their functions in family planning and the staff and budgetary resources they will commit to this field. This will help to clarify both for the Department and for Congress the complementary nature of the several programs.

A suggested division of function among the operating agencies designed to activate a variety of local programs is set forth in Table I and II.

(a) DHEW should set its principal goal as doing what is necessary to close the gap between approximately 5 million women needing publicly assisted family planning medical services and about 700,000 now receiving such aid. It should be the Department's policy that no program of comprehensive health services, or program that merely provides or pays for medical care, can be considered complete without including arrangement for voluntary family planning. DHEW must act positively and rapidly to achieve this goal and to guide state and local agencies to effective action. Within the next six months it should complete work on a national plan which locates the population to be served and identifies the variety of agencies to provide the services.

(b) DHEW must identify, train, and assign a professional staff devoted full time to family planning and supporting activities at the executive level and in each of the operating agencies. DHEW presently cannot point to as many as 10 professionals on its entire staff who devote themselves full time to this field. DHEW staffing for family planning now represents an unfortunate example of "what is everybody's business is nobody's business." The Secretary should reprogram funds and reassign personnel to begin this staffing effort immediately.

(c) Radically improved contraceptive techniques must be developed if unwanted fertility in developing countries and among all segments of our own population is to be brought under control. To speed this development DHEW should greatly expand its program of research in fundamental and applied reproductive biology.

3. The Deputy Assistant Secretary for Population and Family Planning should have an adequate staff to assist in policy formulation, program planning and evaluation, relations with professional groups, stimulation and coordination of family planning activities within DHEW, and liaison with other Government agencies and private family planning organizations. The Office of the Deputy Assistant Secretary should provide centralized direction to the total DHEW effort and serve as a single "window" for DHEW to assist applicants for Federal support of family planning.

4. Each relevant DHEW agency—Public Health Service, Children's Bureau, Medical Services Administration, Assistance Payments Administration, and Office of Education—should have an adequate cadre of full-time operating specialists in the Regional Offices, as well as in Washington, to stimulate, and provide technical assistance to state and local officials, voluntary agencies, hospi-

tals, medical groups and other agencies or associations engaged in family planning and related programs.

5. To advise the Secretary on policy, long-range planning and related issues in the field of population and family planning the Secretary should appoint an Advisory Committee on Family Planning and Population, including experts in the relevant specialized fields as well as members of the public. In addition a Regional Family Planning Advisory Committee of relevant professionals and prominent citizens should be appointed for each DHEW region. Some members of each Regional Committee should serve on the Secretary's Advisory Committee.

6. Immediate steps should be taken to offer short-term courses and long-term training at population study centers, and other appropriate facilities, to top DHEW officials in Washington and Regional Offices and professionals assigned to family planning staff positions. Assuming that sharply increased funds for family planning services will become available in July, 1968, there is no time to lose in orienting top administrative staff and in training an adequate staff.

7. Federal funds should be used to provide adequate incentives to the States for appointment of appropriate specialists in health, education, and welfare departments.

8. The Department should require adequate family planning components in every state comprehensive health plan under PL 89-749; every state Maternal and Child Health plan and Maternal and Infant Care project under Title V of the Social Security Act; every plan for Medical Assistance under Title XIX of the Social Security Act; and every Public Assistance plan under Title IV of the Social Security Act. Wherever possible, relevant educational aspects should be included in state and local programs submitted for OE funding. The Department policy of freedom of choice and absolutely no coercion must be adhered to scrupulously.

9. DHEW should immediately commission a feasibility study looking toward establishment of an adequate data processing system for family planning services. At present the Department has little reliable information on which to base a strategy for expansion of services; nor does it have any firm idea as to the cost or effectiveness of such service.

10. There must be a manifold expansion of funds for family planning if DHEW is to make a real impact on unmet needs. It is estimated that some \$100 million a year (\$20 a year for 5 million women) is necessary to provide family planning service to women in the poor and near poor categories. This goal should be achieved in five years. While it is encouraging that OEO may be authorized to spend as much as \$20 million for family planning in 1963, basic responsibility for coordination, development, and long-term support of family planning service remains with DHEW.

The additional \$15 million expected to become available for family planning in FY 1969 under H.R. 12080 must be appropriated in full and jealously reserved for financing expansion of family planning medical services, since the principal obstacle to expansion of the field has been the lack of funds for these services. In the next several months, DHEW should develop for submission to Congress in 1968 a request for substantial additional authorizations and appropriations in subsequent years to permit expansion of services to meet the indicated need and to make possible efficient forward planning by Federal, state, and local agencies.

11. In addition to the funds needed to deliver services the Secretary should reserve in FY 1968 at least \$10 million a year from such sources as PL 89-749 project funds and SRS research and demonstration funds to constitute a Family Planning Research and Demonstration Fund. A number of excellent projects that can show the way for improve-

ment of family planning services have been developed but remain unfunded.

12. The Office of Education should make a positive effort to stimulate use of funds available under the several Education Acts for family life and sex education programs in the schools and in adult education for special schooling for pregnant teenagers, and for other relevant activities. At least \$5 million in OE funds should be specifically reserved for these programs.

13. The Department should take responsibility for developing and supporting the inclusion of family planning curricula in professional schools for physicians, nurses, health workers, social workers and teachers. Family planning and related activities should become an integral part of the training and practice of the serving professions as rapidly as possible.

14. To assist in development of radically improved contraceptive techniques an enlarged, high level scientific staff in the National Institutes of Health must positively encourage expansion of work in reproductive biology; applied work in contraceptive development should be supported through contracts and grants, and NIH's own intramural program should be rapidly expanded.

Laboratory space for work in this field should be provided by designating reproductive biology as a "program of national importance" in order to offer 75 per cent matching provisions in NIH construction grants.

It has been estimated that an optimum world-wide research program in reproductive biology would require the expenditure of \$150 million a year by all supporting agencies (Government, foundations, and pharmaceutical firms). This is a five-fold increase over present expenditures in the area. The contribution by NIH to this field should increase in accommodation to this requirement.

15. DHEW should continue and expand support of social research and training in population problems at university population study centers and other appropriate facilities, including studies of the causes and consequences of population growth, illegitimacy, illegal abortion, family stability and breakdown, and related problems.

16. The international aspects of family planning programs are of profound importance, and every effort must be made to support both service and research programs abroad. This applies particularly to the use of PL 480 funds which clearly have not been adequately utilized for these purposes.

Mr. TYDINGS. Mr. President, I stress that, on page 3 of those recommendations, Mr. Harkavy's report says:

DHEW should set its principal goal as doing what is necessary to close the gap between approximately 5 million women needing publicly assisted family planning medical services and about 700,000 now receiving such aid. It should be the Department's policy that no program of comprehensive health services, or program that merely provides or pays for medical care, can be considered complete without including arrangement for voluntary family planning. DHEW must act positively and rapidly to achieve this goal and to guide state and local agencies to effective action. Within the next six months it should complete work on a national plan which locates the population to be served and identifies the variety of agencies to provide the services.

The recommendations go on to say that the Department of Health, Education, and Welfare, presently cannot point to as many as 10 professionals on its entire staff who devote themselves to full-time family planning.

I continue to read from the recommendations:

DHEW staffing for family planning now represents an unfortunate example of "what is everybody's business is nobody's business." The Secretary should reprogram funds and reassign personnel to begin this staffing effort immediately.

Mr. President, it was because of the problem revealed in the Harkavy report and because of the failure of the Department of Health, Education, and Welfare to realize the gravity of the population explosion in our country that I offered the amendments to specifically earmark funds in the social security bill for family planning services.

I was reluctant to depend on the Department of Health, Education, and Welfare, because they have not done the job to date. That is why it is so tragic that the House conferees saw fit to eliminate the major portion of the funds earmarked in the Senate bill.

I read from page 6 of the Harkavy report:

There must be a manifold expansion of funds for family planning if DHEW is to make a real impact on unmet needs. It is estimated that some \$100 million a year (\$20 a year for 5 million women) is necessary to provide family planning service to women in the poor and near poor categories. This goal should be achieved in 5 years.

Mr. President, this report establishes without any doubt the need for the amendments which the Senate adopted.

For every dollar we spend in the field of family planning to provide assistance to these poor mothers who want voluntarily to plan their family, we will save literally ten, twenty, thirty and even hundreds of dollars in the ultimate cost to society of caring for unwanted children. The problem of the unwanted child in American society is integrally linked, in my judgment, with the major problems of our great cities, with the problem of poverty and, indeed, with the problem of crime and disorder.

Until this Nation and our leaders—I refer to the President of the United States on down—start doing something to protect the unwanted child, our problems will multiply on the domestic scene. When I say "protect the unwanted child," I am talking about our moral obligation to do our best to see that when a child is born in our society, he is born into a family that wants him, is willing to take care of him and to give him the love, and the guidance that he needs.

When an unwanted child is born into the depths of poverty in ghettos of our great cities, not knowing who one or sometimes both of his parents are, without any type of parental supervision, without any family institutions, without any religious sheltering, how can that child help but grow up as a ward of the community and, in many instances, as a dangerous citizen, frustrated and bent on a life of crime and delinquency?

We made great strides with the Senate bill, and I believe it is a tragedy that the conference committee saw fit to remove the real funding of this program.

Publication of the Harkavy report—to which I have referred—and the approval of my family planning amendments by the Senate Finance Committee came at virtually the same time. In effect,

an executive agency acknowledgement of the problem, and the potential solution to that problem coincided. I have been informed that officials of HEW supported approval of my amendments both in the Finance Committee and in the conference. I am grateful for that support. I know that they are now eager to make up for lost time in implementing the recommendations of the Harkavy report, and in establishing a far-reaching family planning program which will meet this Nation's needs. It is therefore particularly unfortunate that Congress has failed to give the Department all of the funds which it needs to accomplish its proclaimed purposes.

I am encouraged by the remarks of the Senator from West Virginia and other leaders who are beginning to put their shoulders to the wheel—

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. TYDINGS. I know full well how effective the Senator can be in other fields.

Mr. BYRD of West Virginia. The Senator from West Virginia is not just beginning to put his shoulder to this wheel.

Mr. TYDINGS. The action of the District of Columbia Appropriations Subcommittee, of which the Senator is chairman, is a real step forward.

But I am referring now to the fight which will take place in Congress next year and the year after, to take a step or two in the right direction for the Nation, as we have taken for the District of Columbia.

The time is running out, Mr. President. The problem of the unwanted child should be the concern of every legislator and every leader in the Nation. Babies are born. Once they are here, we cannot abandon them. We cannot turn our back on them. We cannot punish them for the sins of their mothers or their fathers. We must protect them. But we must also insure, to the extent possible, that the women of our country, rich or poor, have the same opportunity to plan a family, the same opportunity not to bring an unwanted child into the world.

I yield the floor.

(At this point, Mr. MCINTYRE assumed the chair.)

EXHIBIT 1

BALTIMORE, MD.,
December 12, 1967.

HON. JOSEPH D. TYDINGS,
Senate Office Building,
Washington, D.C.:

I urge you to work for Senate and House disapproval of that provision in the pending Social Security bill which would freeze Federal contributions to the AFDC welfare program. This provision, at the present rate of increase of our AFDC rolls, would cost the State of Maryland and the city of Baltimore, approximately \$4 million during the first year alone. This would work a great hardship and impose an unjust financial burden which we cannot afford to bear.

THOMAS K. D'ALESSANDRO III,
Mayor.

BALTIMORE, MD.,
December 8, 1967.

Senator JOSEPH D. TYDINGS,
U.S. Senate,
Washington, D.C.:

Tremendous hardships would be pressed upon Maryland should the proposed AFDC

caseload freeze stand. I urge your opposition to it and its ultimate deletion.

SPIRO T. AGNEW,
Governor of Maryland.

WASHINGTON, D.C.,
December 12, 1967.

Senator JOSEPH D. TYDINGS,
Senate Office Building,
Washington, D.C.:

Public assistance and welfare provisions of 1967 Social Security amendments approved by conference committee represent major retreat from gains won over many years. Freezing of rolls on aid to dependent children and compulsory work programs are punitive and regressive in effect and would work hardship not only on the poor but on State and municipal welfare resources. We urge your firm support of Senate version of bill.

ARTHUR S. FLEMMING,
President, National Council of Churches.

NEW YORK, N.Y.,
December 12, 1967.

HON. JOSEPH D. TYDINGS,
Senate Office Building,
Washington, D.C.:

We urge the Senate to reject the report of the conference committee on the 1967 Social Security Amendments. The medievalism of the public welfare provisions far outweighs any gains to be realized from increases in OASDI benefits. We have a deep concern for the plight of the elderly but the additional hardships to be imposed by the bill on already deprived children and families render this bill an unsound public program. The conferees should be instructed to approximate the bill passed by the Senate, and to reject the inhumane and regressive House bill. Our committees on aging, on family and child welfare and on health join us in urging you to return the proposed bill to the conference committee.

JOHN H. MATHIS,
Chairman, Committee on Public Affairs,
Community Service Society of New York.

NEW YORK, N.Y.,
December 12, 1967.

HON. JOSEPH D. TYDINGS,
U.S. Senate,
Washington, D.C.:

The board of social ministry, Lutheran Church in America, is opposed to the regressive public welfare measures embodied in the conference report on the Social Security Amendments of 1967. We support you in your efforts to keep the substance of the Senate bill.

CEDRIC W. TYLBERG,
Secretary for Program and Leadership.

BALTIMORE, MD.

HON. JOSEPH D. TYDINGS,
U.S. Senate,
Washington, D.C.:

The directors of Levindale were concerned and disturbed with H.R. 12080. Its passage will create havoc and injustice in our State's welfare program. The board voted unanimously to urge you to use your good offices to defeat H.R. 12080.

MANNY M. MALMAN,
President.

BALTIMORE, MD.,
December 12, 1967.

Senator JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.:

In light of the recent Senate-House action on bill 1280, we strongly urge that you lend your support in rejecting the provisions of this bill that will limit the welfare services to families, particularly children, through the freeze on the number of recipients compulsory participation in training programs

which would negate the individualization of the families' need and the elimination of Federal support to unemployed fathers.

Dr. HYMAN S. RUBENSTEIN,
President, Maryland Chapter, American Jewish Congress.

Mrs. NAE R. GELLMAN,
President, Maryland Women's Division,
American Jewish Congress.

WASHINGTON, D.C.,
December 11, 1967.

Senator JOSEPH D. TYDINGS,
Washington, D.C.:

The National Association of Social Workers is deeply concerned about restrictive welfare provisions in conference report on H.R. 12080, the Social Security Amendments of 1967. Compulsory work requirements on mothers with small children and the AFDC freeze must be eliminated. Respectfully request that you not approve conference report but refer it back with request that new conferees be appointed.

CHARLES I. SCHOTTLAND,
President, National Association of Social Workers.

BALTIMORE, MD.,
December 12, 1967.

Senator JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.:

The 700 members of the Maryland chapter, National Association of Social Workers, urgently request your vote against the social security bill as reported out by Senate-House conference committee. The limitation on Federal participation in the AFDC program places financial burdens upon our State and city which they are in no position to meet. About 3,000 children in our State alone will be faced without adequate means of subsistence.

ERNEST M. KAHN,
Chairman, Public Welfare Conference.

BALTIMORE, MD.,
December 12, 1967.

Senator JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.:

We the undersigned, members of the student body of the University of Maryland School of Social Work, its faculty, and friends, urge you to vote against the Social Security Amendment of 1967 reported out by the House-Senate conference committee. We particularly abhor the freeze on AFDC payments, a provision which will either put undue financial hardship on State and local jurisdictions or cause thousands of children to be without means of subsistence.

Marguerite Pope, Stephen P. Gordon,
Michael Cenci, Frederick C. Rohlfing
III, John E. Hickey, Max Siporin,
Pauline M. Stott, Leona Irsch, Ralph
M. Schley, W. Glenn Guannitz, Robert
I. Smith, Evelyn S. Kostick, Calvin
R. Griner, C. C. Vincent J. Perticone,
Arthur C. Redding Jr.

Shella Thaler, Renee Greefeld, Sharon
Gittelsohn, Shirley Patt, Carol J.
Wechsler, Rea L. Ginsberg, Sherman
W. Buchanan, Evelyn Swartz, Suzanne
Glaser, Willa Bywaters, Alexander B.
Gates.

Vivian F. Ripple, Francine Schaeffer,
John Barrett, Dorothy Hawkins, Joy M.
Douglas, Flozella R. Clark, Kathy Ber-
kowitz, Sylvia Whitney, Donna R.
Shadle, Anne Kniffin, Abraham Mak-
osfsky, James Ginsburg, Sharon S.
Lawson, Jean M. Dockhorn, Emma V.
Ramirez, Paula R. Buskirk, Margaret
Davis.

Tom Moses, Deetta S. Taylor, George
Taliaferro, Sharon A. Penland, Janet
Santen, Dianne Mahan.

Gracie E. Goode, Alan C. Korz, Leonard
Prass, Hilda K. Gottlieb, Linda Milli-
son, Martin Millison, Thomas C.
Voskuhl, Sister Mary John Lowry,
R.S.M., Allen J. Levin, Henry Hunt,
Sedonia E. Berocknell, Martha James,
Kathleen Fotmeier.

Mary Elizabeth Porth, Lora Price, Donald
Blumberg, Orlie Reid, Edward C. Green,
Beryl Bunker, Martha McLaney, Kath-
leen Manning, Carl Thistel, Celeste
Peltz, Sylvia Cohen, Ruth W. Mednick,
Dan Thursz, Ernest Kahn, Camille
Wheeler, Patricia Haddad, Brian Opert,
Henry W. Keller, Jr., Dorothy Boyle,
Sylvia Gollub, James Workman, Betty
Himeles.

Pearl Moulton, B. Maxine Tyree, Barbara
Gaver, Gerald Pavloff, Robert Barto-
lini, Gary Balzer, Jane Foley, James
Slingluff, Perry Waddles, Harriet S.
Frenkil, Stanley E. Weinstein, Linda
Melpolder, Thomas Salisbury, Adnette
Marrogo, Elbert Hoy, Gertrude Gins-
burg, Richard Smith, Carl Munson.

Ross Ford, Linda Siegel, Harris Chalklin,
Peggy Hayes, Virginia B. Laughlin,
Lewis Hamburger, Ferne Kolodner,
Dorothy Rodbell, Hyman Bookbinder,
Brendan F. Murphy, Lillian R. Wiener.

BALTIMORE, MD.,
December 12, 1967.

Senator JOSEPH D. TYDINGS,
U.S. Senate, Washington, D.C.:

Strongly urge rejection of conference re-
port of social security measures which is a
travesty of satisfactory bill. Am amazed that
Senate conferees should have yielded to such
a retrogressive measure which not only fails
to correct existing deficiencies but is replete
with new ones. Urge its return to conference
for constructive revisions.

SIDNEY HOLLANDER.

WASHINGTON, D.C.,
December 12, 1967.

Senator JOSEPH D. TYDINGS,
Washington, D.C.:

Farmers Union board calls upon the Sen-
ate to reject the social security conference
report.

Farmers Union feels that the conference
report might push welfare concepts back-
ward 20 years. Farmers Union continues to
support the plan to give work and training
opportunities for low-income people instead
of welfare as contained in the Senate version
which was rejected by the conferees.

Farmers Union is deeply disappointed that
the social security conference report failed
to give significant increases in social security
payments above a cost of living increase.
There is little question that the bill will
leave many millions on social security with
total incomes below the poverty level, and
future generations without adequate retire-
ment incomes.

Farmers Union regrets that the drug lobby
was successful in eliminating the generic
drug provision from the bill, which would
save an estimate of \$100 million in taxes
each year.

Farmers Union urges that the social secu-
rity bill be reworked by the Congress early
next year.

TONY T. DECHANT,
President, National Farmers Union.

BALTIMORE, MD.,
December 12, 1967.

Senator JOSEPH D. TYDINGS,
Senate Office Building,
Washington, D.C.:

Action of conference committee which
considered H.R. 12080 is unconscionable.
H.R. 12080 in its present form is unreason-

ably restrictive, punitive, and arbitrary, and
negates many of the positive aspects of the
Senate version of the bill. The health and
welfare committee of Baltimore City's May-
or's Task Force for Equal Rights urges defeat
of this bill.

Dr. CLAUDE D. HILL,
Chairman.

BALTIMORE, MD.,
December 12, 1967.

Senator TYDINGS,
Senate Office Building,
Washington, D.C.:

Don't penalize poor people. Defeat H.R.
12080. Please consider Senator Kennedy's po-
sition on this matter.

RICHARD BATEMAN,
Director of Housing Court Clinic.

BALTIMORE, MD.

Senator JOSEPH TYDINGS,
United States Senate,
Washington, D.C.:

Vote to kill House bill version 12080 Re
AFDC—Freeze or work requirement.

MAZIE F. RAPPAPORT,
Director, Dept. of Medical Social Work,
Baltimore City Hospitals.

BALTIMORE, MD.

Senator JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.:

We strongly urge you to follow the leader-
ship of Senator Robert F. Kennedy in his
actions for Senate rejection of the conference
committee report on social security amend-
ments as the arm of the archdiocese of Bal-
timore regarding urban affairs. We would
sooner have no amendments to the Social Se-
curity Act this year than to have a bill as
presented by the conference committee.

Rev. HENRY J. OFFER,
Director, Archdiocesan Urban Commis-
sion,

CHARLES G. TILDEN,
Chairman.

DECEMBER 11, 1967.

Hon. JOSEPH D. TYDINGS,
U.S. Senate,
Washington, D.C.:

The executive committee of the Leadership
Conference on Civil Rights urges you to vote
against the conference report on the social
security bill. What started out as a social se-
curity measure has become an instrument of
social insecurity. It generates pressure to
break up families. Under this bill fathers
would abandon their families and mothers
would be forced to leave their children and
go to work. The war on poverty is becoming
a war on the victims of poverty. Cities now
wracked by terrible crises would be faced
with the intolerable choice of leaving poor
people destitute or trying to provide for them
out of funds they do not have. This is a
shocking and regressive bill. We urge you
to send it back to conference and instruct
the conferees to insist on the Senate provi-
sions.

ROY WILKINS,
Chairman, Executive Committee Leader-
ship Conference on Civil Rights.

NEW YORK, N.Y.,
December 11, 1967.

Senator JOSEPH D. TYDINGS,
U.S. Senate,
Washington, D.C.:

Please reject conference report on H.R.
12080. Title II irremediably endangers and
deprives millions of children.

JOSEPH H. REID,
Executive Director, Child Welfare
League of America.

BALTIMORE, Md.,
December 11, 1967.

Senator JOSEPH D. TYDINGS,
Senate Office Building,
Washington, D.C.:

Urge your good office to defeat compromise H.R. 12080 from joint committee. We feel this legislation would be most damaging and that its defeat is urgent in turns of social welfare practice.

ROBERT I. HILLER,
Executive Director, Associated Jewish
Charities, Baltimore.

WASHINGTON, D.C.

Senator JOSEPH D. TYDINGS,
New Senate Office Building,
Washington, D.C.:

AVC urges rejection conference report restrictions on welfare payments for dependent children and parents.

Dr. EUGENE BYRD,
National Chairman, Veterans Committee.

BALTIMORE, Md.,
December 11, 1967.

Senator JOSEPH D. TYDINGS,
U.S. Senate,
Washington, D.C.:

In name of Christian conscience we urge your support of Senator Robert Kennedy in his attempt to kill social security compromise bill based on H.R. 12080.

Rt. Rev. HARRY LEE DOLL,
Bishop of Maryland.

NEW YORK, N.Y.,
December 11, 1967.

Senator JOSEPH D. TYDINGS,
U.S. Senate,
Washington, D.C.:

In view coercive discriminatory provisions H.R. 12080 with respect public assistance (AFDC) as reported conference committee, urge vote against bill or return conference with instruction retain Senate provisions.

Rev. REINHART B. GUTMANN,
Executive Secretary, Division of Commu-
nity Services, Executive Council, Epis-
copal Church.

BALTIMORE, Md.,
December 11, 1967.

Senator JOSEPH D. TYDINGS,
Senate Office Building,
Washington, D.C.:

Strongly urge vote against conference report on H.R. 12080 and support of Senate version.

ERNEST H. SMITH,
Family and Children's Society.

BALTIMORE, Md.,
December 11, 1967.

Senator JOSEPH D. TYDINGS,
Senate Office Building,
Washington, D.C.:

Understand Senate bill 208 would leave children ineligible for Social Security protection force mothers with small children to work urge vote against it.

JACK L. LEVIN,
Past President American Jewish Con-
gress Maryland Chapter.

BALTIMORE, Md.,
December 11, 1967.

Senator JOSEPH D. TYDINGS,
Senate Office Building,
Washington, D.C.:

Urge you to oppose restrictive welfare provisions of Social Security bill freeze on A-F-D-C cases could mean starvation for innocent children.

HAROLD C. EDELSTON,
Exec. Director Health and Welfare
Council Baltimore Area.

WASHINGTON, D.C.
December 11, 1967.

Senator JOSEPH D. TYDINGS,
Washington, D.C.:

The conference report on the Social Security bill is repugnant to human needs and dignity. Social Security benefit levels are totally inadequate, and the work-training requirements imposed on mothers by the conference report are unconscionable. The welfare benefit freeze will impose heavy tax burdens on local communities and adjustments in old-age assistance and welfare standards may deprive the poorest of our retired citizens of any income increases at all. On behalf of more than six million members of the industrial union department, AFL-CIO, I urge you to vote against the Social Security conference report and subsequently to instruct conferees to insist on the provisions of the Senate bill.

L. WALTER P. REUTHER,
President Industrial Union Depart-
ment AFL-CIO.

BALTIMORE, Md.,
December 11, 1967.

Hon. JOSEPH TYDINGS,
U.S. Senate,
Washington, D.C.:

Urge you strongly to vote against conference report on H.R. 12080. If this measure passes with present welfare provisions it will cost Maryland about \$4 million additional per year and will cause untold misery among the poor. It discriminates against the children of unmarried mothers and deprives them of their due rights.

DONALD C. LEE,
President, Maryland Conference Social
Welfare.

MIAMI BEACH, Fla.,
December 11, 1967.

Sen. JOSEPH D. TYDINGS,
Washington, D.C.:

AFL-CIO considers conference report on social security absolutely inadequate. Most of Senate provisions designed to improve House bill have been abandoned. Benefits for OASDI recipients would barely exceed already increased costs of living. Retreats on welfare provisions enacted by Senate are travesty on America's image as compassionate and humanitarian nation. We urge every Senator to vote against this deplorable attack on poor and underprivileged and request another conference to secure passage of an adequate social security bill.

GEORGE MEANY,
President, AFL-CIO.

BALTIMORE, Md.,
December 12, 1967.

Senator JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.:

We believe H.R. 12080 should be defeated. Urge your leadership in this action since passage would create untold problems in our State.

CALMAN J. ZAMOISKI,
President, Jewish Welfare Fund.

WASHINGTON, D.C.,
December 12, 1967.

Hon. JOSEPH D. TYDINGS,
U.S. Senate,
Washington, D.C.:

We are extremely dismayed over the conference committee report on social security amendments. The basic approach to the public welfare embodied in the report is not in keeping with human dignity. We urge correction of the coercive features of the report, the elimination of the freeze on number of AFDC recipients and the limit on

amount of medicaid payments. Urge you to oppose conference report and to seek the return of the bill to conference committee for results more in keeping with the Senate bill.

Very Rev. Msgr. LAWRENCE J. CORCORAN,
Secretary, National Conference of Catho-
lic Charities.

NATIONAL PRESBYTERIAN HEALTH &
WELFARE ASSOCIATION OF THE
UNITED PRESBYTERIAN CHURCH IN
THE U.S.A.,

New York, N.Y., December 6, 1967.

Senator JOSEPH D. TYDINGS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR TYDINGS: On behalf of the National Presbyterian Health and Welfare Association, may I take this opportunity to thank you for your action in the Senate on November 21st. Your vote supporting Amendment #425 of Bill HR 12080 was greatly appreciated by members of our Association.

The Association, representing over 400 service units in the fields of child care, health services, services for the aging, neighborhood centers, and institutional chaplains, was distressed with some of the coercive features of HR 12080.

It is hoped that the House-Senate Conference Committee, following their discussions, will present a bill which is supportive of a progressive welfare policy to meet the many challenges which face us in the area of health and welfare today.

Yours very truly,
ARTHUR M. STEVENSON, Jr.,
President.

BALTIMORE, Md.,
December 13, 1967.

Hon. JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.:

Urge you to postpone action until January 17th on the major social security bill but to pass now its \$3,600,000,000 section on increased benefits for the elderly.

HOWARD H. MURPHY,
Maryland State Department of Public
Welfare.

BALTIMORE, Md.,
December 9, 1967.

Senator TYDINGS,
The Federal Building,
Baltimore:

Please vote to kill HR 12080 House version.
CHARLES LANSBURY.

HYATTSVILLE, Md.,
December 8, 1967.

Hon. JOSEPH TYDINGS,
U.S. Senate, Washington, D.C.:

Shocked, horrified re H.R. 12080 conferees punitive results. Please help defeat or send bill back to conference. Welfare recipients did not continue wonderful successful WTCO program.

ELIZABETH RILEY,
Social Worker.
BALTIMORE, Md.

Senator TYDINGS,
Senate Office Building,
Washington, D.C.:

Some mothers can do a better job by taking care of their children. Don't allow H.R. 12080 to take our children away from us.

MARGARET JOHNSON.
BALTIMORE, Md.
December 12, 1967.

Hon. JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.:

The latest un-American Supreme Court ruling is the last straw. Are you going to

stand by and let Earle Warren hand our country over to the Communist?

Mr. and Mrs. FRANK EDIE CURRAN, Jr.

BALTIMORE, Md.,
December 12, 1967.

Senator TYDINGS,
Senate Office Building,
Washington, D.C.:

Strongly oppose limitation on AFDC families and compulsory work requirements. Maintain your support of the poor by defeating H.R. 12080.

LALIT GADHIA.

BALTIMORE, Md.,
December 12, 1967.

Senator JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.:

We urge you to vote against passage of the new social security bill in its present form. The welfare provisions are punitive rather than progressive.

Mr. and Mrs. MARTIN MILLSON.

BALTIMORE, Md.,
December 11, 1967.

Senator JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.:

Urge you to vote against bill 12080. Passage would mean additional four million dollar expense to Maryland in 1968 and would bring unfair disadvantages to children of AFDC mothers.

Mr. and Mrs. LESTER S. LEVY.

BALTIMORE, Md.,
December 11, 1967.

Senator JOSEPH TYDINGS,
Senate Office Building,
Washington, D.C.:

Please vote against H.R.12080 because of deletion of positive Senate amendments.

INGE BARRON.

BALTIMORE, Md.,
December 11, 1967.

Senator JOSEPH TYDINGS,
U.S. Senate,
Washington, D.C.:

Urge your vote against compromised social security bill.

MILTON GOLDMAN.

BALTIMORE, Md.,
December 11, 1967.

Senator JOSEPH TYDINGS,
U.S. Senate,
Washington, D.C.:

Urge your vote against compromised social security bill.

Mrs. JACK PEARLSTONE.

BALTIMORE, Md.,
December 11, 1967.

Senator JOSEPH TYDINGS,
U.S. Senate,
Washington, D.C.:

Urge your vote against compromised social security bill.

CHARLES M. CAHN, Jr.

BALTIMORE, Md.,
December 12, 1967.

Senator TYDINGS,
Senate Office Building,
Washington, D.C.:

Show that you are for people, vote against the welfare section of H.R. 12080.

LESLIE KANE.

BALTIMORE, Md.,
December 12, 1967.

Senator TYDINGS,
Senate Office Building,
Washington, D.C.:

Don't allow Congress to be punitive by passing H.R. 12080. I count on your efforts to defeat the welfare section of this bill.

DOROTHY MILLS.

UNFORTUNATE THAT NEEDED SOCIAL SECURITY AMENDMENTS PASSED IN SENATE WERE ELIMINATED IN CONFERENCE—LET US CONTINUE OUR EFFORTS

Mr. YOUNG of Ohio. Mr. President, the conference report on the Social Security Amendments of 1967 is clearly bad legislation. The regressive legislative proposals contained therein, if enacted into law, represent an unfortunate step backward in the field of welfare and social legislation.

The conference bill increases social security benefits by only 13 percent, whereas we in the Senate approved a 15-percent across-the-board increase. Frankly, a 20-percent increase would have been more in line with the needs of elderly Americans, widows, orphans and disabled citizens in this inflationary period.

The conference bill sets a \$55 minimum benefit, although we in the Senate provided for \$70 a month. Frankly, a \$100 per month minimum benefit would be a more realistic figure.

For more than 26 years social security beneficiaries have been fighting a losing battle with the cost of living. Although social security benefits have been increased five times since 1940, those receiving them have not participated in our increased standard of living. The 13-percent increase and the \$55 minimum are clearly inadequate.

As hard as this bill is on older citizens, widows and orphans, it saves its cruellest blow for underprivileged children. The worst feature of the conference bill is that it will curtail Federal aid to dependent children payments to the States. The number of children on the rolls next January 1 would be determined and also the total number of children in the State. Then the proportion on welfare would be frozen thereafter. The mathematical formula in the bill would arbitrarily freeze the number of children receiving benefits and bar from benefits unknown thousands of children now surviving on public welfare as well as children yet unborn. It punishes children in the harshest manner for what some in our society consider the shortcomings of their parents. This is a throwback to the poor laws of the 17th and 18th centuries.

In my State of Ohio alone there are more than 190,000 women and children receiving ADC assistance. Next year there will be an additional 15,000 to 18,000 added to those rolls. If the conference bill becomes law, those innocent children in Ohio and all other States will suffer, and citizens of Ohio and other States may be required to pay increased taxes to provide the benefits which should rightfully be provided by the Federal Government.

Not content with punishing children of poor families, the conference bill also contains heartless provisions for indigent and poverty stricken mothers. It would force them, regardless of how desperately they are needed at home, to leave their infants and school age children, to incur the expenses of their day care and to undertake job training. It is entirely conceivable this would be for jobs that do not exist. However, if a mother stayed with her children she could lose all assistance.

Mr. President, it has been my understanding since the first social security law was enacted in 1935 that we as a nation had adopted the philosophy that even the poor and poverty stricken are entitled to some dignity. More important, that children should have the care of their mothers while they grow up, if that is at all possible. This bill makes a sham of that philosophy which we had adopted when the Social Security Act, the most humane and social legislation in our Nation's history, was enacted into law 32 years ago. It was one of many imprints that Franklin D. Roosevelt left upon the pages of American history which will endure forever. I am very proud that during my first term as Congressman at Large from Ohio I voted for and spoke in favor of passage of the first social security law, and for liberalizing amendments on every roll-call in which I participated since that time.

Since passage of the Social Security Act of 1935, Congress has made changes in the act in keeping with fast-changing times. We have a duty to further expand and liberalize this program. Rather than fulfilling this duty, the conference report is a retreat to that time when a high-placed governmental official said, "Relief is a local problem."

Mr. President, this proposed legislation, apart from failing to provide adequate benefits for social security recipients, represents a failure by the Federal Government to assume its responsibility for taking over an increased share of the relief burden from financially hard-pressed cities and States.

The majority of men and women beyond 65 years old have inadequate incomes. Most do not receive private pensions. The majority cannot afford proper medical care. Many are ill housed and, unfortunately, too many lack means to obtain proper diet and are undernourished. It is clear that social security benefits must be greatly increased and the social security program greatly expanded if we are to meet present needs of older Americans.

Our social security system, which is actually the old-age, survivors, disability, and health insurance program, is an actuarially sound insurance system. The present surplus in the social security and disability trust funds exceeds \$26 billion. Under the amendments which we in the Senate passed, this program will continue to be actuarially sound without imposing unduly heavy premium payments on Americans.

Mr. President, I could go on at length detailing the many regressive features of the conference report. The limiting of earnings to \$1,680 a year for those social security recipients who wish to continue to work after reaching retirement age is utterly unrealistic. The provisions regarding medicaid and welfare for unemployed fathers, to name some, are entirely inadequate and at great variance from those which we in the Senate adopted.

Although I personally dislike to accept the conference report knowing that the conferees for the other body had perpetrated an act of vandalism on the most deep-needed and most advanced liberalization and expansion of the social

security law by either branch of Congress since 1949, my better judgment tells me we should not postpone final action until the coming session of this Congress. Better, it seems to me, we should try to live with this and then early in the final session of this Congress without delay work on restoration of the amendments we in the Senate had hoped would be incorporated in the Social Security Amendments of 1967. Then, we could debate and vote on these amendments hoping that by next March or April we might succeed in accomplishing the needed improvements in the social security law which were aborted by the opponents of social security reform in the other body.

Mr. McCARTHY. Mr. President, adjustments in the social security program are badly needed to take account of changes in the economy and to provide more realistic benefits to the retired, the disabled and survivors who are eligible under the program. Improvements of the public assistance programs and of the medicare program are also needed.

The bill which the House approved and sent to us had, of course, many good features, but it also had serious defects. It did not provide a sufficient increase in benefits. It had objectionable features in the public assistance program, principally the freeze on the number of welfare recipients who would be eligible and provisions which come close to imposing forced labor on mothers of dependent children on welfare.

We greatly improved the House bill in the Finance Committee and other constructive amendments were added on the floor. We increased the benefits to the level recommended by the administration—15 percent instead of 12½ percent and with a minimum of \$70 monthly. We took off the freeze on welfare recipients. It was my view that we ought to remove altogether the threat that mothers of dependent children would be denied welfare benefits if they did not take training or work, and I introduced an amendment to provide this. In the committee we did spell out several conditions that would constitute "good cause" for not being forced to work, including "a mother actually caring for a preschool child." This exemption was enlarged by the Kennedy floor amendment which would have exempted a mother from being required to work during hours when her child or children under 16 are not in school. These provisions were eliminated by the conference committee.

It may well be, as some have argued, that State welfare agencies will use good judgment, or, as others have argued, that there will not be enough money for training so that in fact most of these mothers with dependent children will not be threatened with "Get out of the house and start to work or you will be cut off from benefits"; but in my judgment this is one of the worst features of the House bill. We ought not to write this kind of threat into Federal law. It is not practical. It is offensive to mothers on welfare who already have many difficult problems. It is a step backward in Federal policy which has been designed to protect the family and to enable mothers to provide care and guidance for their

children at an age when they most need it. It is objectionable in principle.

I regret that the Senate conferees receded on this and on other constructive provisions and improvements that the Senate had written in the bill, and that we are now presented with an up or down choice of a conference bill that retains many objectionable and insufficient provisions of the House bill.

I ask unanimous consent to have printed in the RECORD a few of the many telegrams I have received opposing the conference bill.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
December 13, 1967.

Senator EUGENE MCCARTHY,
Senate Office Building,
Washington, D.C.:

Public assistance and welfare provisions of 1967 social security amendments approved by conference committee represent major retreat from gains won over many years. Freezing of rolls on aid to dependent children and compulsory work programs are punitive and regressive in effect and would work hardship not only on the poor but on State and municipal welfare resources. We urge your firm support of Senate version of bill.

L. ARTHUR S. FLEMMING,
President, National Council of Churches.

WASHINGTON, D.C.,
December 12, 1967.

Hon. EUGENE J. MCCARTHY,
U.S. Senate,
Washington, D.C.:

We are extremely dismayed over the conference committee report on social security amendments. The basic approach to public welfare embodied in the report is not in keeping with human dignity. We urge correction of the coercive features of the report, the elimination of the freeze on number of AFDC recipients and the limit on amount of medical payments. Urge you to oppose conference report and to seek the return of the bill to conference committee for results more in keeping with the Senate bill.

Very Rev. Msgr. LAWRENCE J. CORCORAN,
Secretary, National Conference of Catholic Charities.

WASHINGTON, D.C.,
December 11, 1967.

Hon. EUGENE J. MCCARTHY,
U.S. Senate,
Washington, D.C.:

The executive committee of the Leadership Conference on Civil Rights urges you to vote against the conference report on the social security bill. What started out as a social security measure has become an instrument of social insecurity. It generates pressure to break up families. Under this bill fathers would abandon their families and mothers would be forced to leave their children and go to work. The war on poverty is becoming a war on the victims of poverty. Cities now wracked by terrible crises would be faced with the intolerable choice of leaving poor people destitute or trying to provide for them out of funds they do not have. This is a shocking and regressive bill. We urge you to send it back to conference and instruct the conferees to insist on the Senate provisions.

ROY WILKINS,
Chairman, Executive Committee, Leadership Conference on Civil Rights.

WASHINGTON, D.C.,
December 12, 1967.

Senator EUGENE MCCARTHY,
Senate Office Building,
Washington, D.C.:

We beseech you to filibuster if necessary to defeat the welfare amendments to the so-

cial security bill. The mental growth of thousands of infants and children will be gravely effected by the absence of their mothers in compulsory work or training. Day care for children under age 3 is highly experimental and likely to be extremely dangerous if applied broadly. We feel the freeze on ADC payments is also unspeakably cruel. Your courage on this issue now will be justly rewarded by an easy conscience later.

FREDERICK SOLOMON, M.D.,
Medical Committee for Human Rights.

WASHINGTON, D.C.,
December 11, 1967.

Senator EUGENE J. MCCARTHY,
Washington, D.C.:

The National Association of Social Workers is deeply concerned about restrictive welfare provisions in conference report on H.R. 12080—the Social Security Amendments of 1967. Compulsory work requirements on mothers with small children and the AFDC freeze must be eliminated. Respectfully request that you not approve conference report but refer it back with request that new conferees be appointed.

CHARLES I. SCHOTTLAND,
President, National Association of Social Workers.

NEW YORK, N.Y.,
December 11, 1967.

Senator EUGENE J. MCCARTHY,
U.S. Senate, Washington, D.C.:

Please reject conference report on H.R. 12080. Title II irremediably endangers and deprives millions of children.

JOSEPH H. REDD,
Executive Director,
Child Welfare League of America.

NEW YORK, N.Y.

Senator EUGENE J. MCCARTHY,
U.S. Senate, Washington, D.C.:

Conference report on H.R. 12080 retains unjust provisions requiring mothers receiving public assistance work and freezing aid to children from broken homes urge you oppose bill rather than saddle nation with these unsavory precedents.

HUBER F. KLEMMER,
Coordinator, Antipoverty Task Force,
United Church of Christ.

NEW YORK, N.Y.,
December 12, 1967.

Senator EUGENE J. MCCARTHY,
Senate Office Building, Washington, D.C.:

We support the social security bill originally passed by the Senate and welcome your efforts to reject conference committee report. Shameful quota on number of children aided must be eliminated. Conference acceptance of limitations on medical aid, forced work procedures, and new burdens on states and localities should be reversed.

FAY BENNETT,
Executive Secretary,
National Sharecroppers Fund.

SOCIAL SECURITY AMENDMENTS OF
1967—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

Mr. BROOKE. Mr. President, in a statement before the Senate Committee on Finance last August I expressed the view that the object of social security legislation should be twofold. It should care for those who cannot help themselves—the elderly, the disabled, the young. And it should help those who are capable of work to learn skills which will take them off the welfare rolls and make them useful and productive members of society.

I am sure that these objectives were shared by the members of the conference committee which drafted the legislation presently before us. But I believe that the compromises reached in conference will not help, they will hinder, the achievement of both these objectives.

The Senate voted a 15-percent increase in social security benefits. A 20-percent increase would have been desirable. The conference committee agreed on a 13-percent increase, which is barely enough to keep up with the rising cost of living for some, and which will result in no additional benefits for many others who will simply find their old-age assistance checks reduced in proportion to the increase in their social security benefits.

The Senate voted to raise the minimum social security benefits to \$70 per month; \$100 would have been preferable. But the conference committee agreed on a minimum of only \$55 per month, which will do very little to improve the living conditions of hundreds of thousands of elderly and dependent citizens. Even so, if this were the only provision of the bill, I could support it without question.

But I am most disturbed over the welfare provisions of the bill. The Senate adopted a very reasonable provision regarding work and work training programs for mothers and older children

presently receiving welfare benefits. The conference committee reported out a bill which made no exemption at all for mothers, and which retained the ceiling on AFDC payments.

Mr. President, these measures are not constructive approaches to a desperate social problem. They represent an effort to economize with the wrong programs. They are punitive. They are destructive of human dignity. If the provisions of this bill are put into effect, all too many of the poor in this country will be penalized simply for being poor. Those States which have the most advanced programs of welfare and medical assistance will be penalized as well, for they will have to bear the cost of their progressive efforts by themselves. Other States will cut off payments without a qualm, and their people will be forced into already overcrowded urban centers in a desperate effort to find work, and income, and hope.

Mr. President, poverty is a national problem. It is a social problem. We cannot eliminate the problem of increasing welfare rolls by simply saying "after this date, there shall be no more increases." We cannot deal with a national deficit by saying "billions for defense, but not one more cent for sustenance." We will not help our elderly by granting them increases in their monthly pensions which do not even keep up with the increases in their costs of rent and food and medicines.

We can do better than this, Mr. President. We can provide training programs which will help our young people and dependent mothers and fathers to find suitable employment. We can provide our elderly with an adequate benefit increase. We can provide medical care adequate to make our poorer citizens functioning and healthy members of society. We can economize with a great many programs. But we are hurting our poor, our country, and our standing in the world when we try to economize with this program.

Mr. President, I know that the Senate conferees did their best. I realize that they faced an extremely difficult conference, and that the House conferees had an overwhelming mandate from their colleagues. Under the circumstances, Senator Long and the members of the Senate Committee of Finance who participated in this conference are to be commended.

Increased social security benefits have national support. If the bill were to be defeated this year, higher social security benefits would surely be voted next year. But I cannot in good conscience support a bill which includes with minimal social security benefits the present restrictive welfare provisions.

I believe that this particular legislation should be defeated, and that when we all return to Washington in January we should try again to draft and pass a bill which will help us to achieve our goal of a better, not a worse, life for our people.

Mr. KENNEDY of New York. Mr. President, I want to commend the Senator from Massachusetts [Mr. BROOKE] for his remarks. I associate myself with his sentiments about the conference report.

I should also like to say how distressed and disturbed I am about how the report was handled this morning.

There might have been disagreement in the Senate on the merits of this piece of legislation; but I think that when it was made clear to the majority leader, as he acknowledges—and none of my remarks is intended to be a criticism of the Senator from Montana, because I believe him to be a most honorable man—but when it was made clear to him that a number of us wanted to speak about the conference report prior to the vote, and asked for that elementary consideration and decency that exists among men, then not to have received it, as we did not this morning, certainly is a reflection not only on the Senate but also on the integrity and honesty of those who participated.

I want to say how distressed I am about the fact that that happened. I felt strongly about the bill and intended to speak about it. I let that be known to the majority leader and to others involved with the majority leader. We had a number of meetings, during the course of which it was made quite clear that I intended to speak. I also know that my colleague from the State of New York [Mr. JAVITS] intended to speak. And there were a number of others who intended to speak during the course of the day.

I happened to be involved this morning in a conference on education. I was a member of that conference. I am also chairman of the Subcommittee on Indian Education and we had hearings this morning. I expected to be able to come to the floor of the U.S. Senate after the conference and the hearings and be able to speak about this legislation. Unfortunately, prior to the time that any of us were aware of it, the legislation was passed. I am distressed and disturbed.

As I say, I think what went on this morning is a reflection on those who participated, not just as U.S. Senators, but as individuals and as men.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. BYRD of West Virginia. Mr. President, the majority leader is not on the floor. I cannot agree with the Senator from New York—

Mr. KENNEDY of New York. I made it quite clear that the majority leader is not at all responsible for this. I do not think there is a more honorable man in the Senate than the majority leader. I think he is as distressed and disturbed as I am about what happened.

Mr. BYRD of West Virginia. If the Senator will yield further, the Senator made that clear; but the Senator also mentioned the leadership, and as the only representative of the leadership on the majority side who is on the floor, I think I should make it as clear as I possibly can that there was no attempt to do anything here this morning that was indecent or to do anything that would take advantage of those Senators who opposed the conference report.

The Chair put the question three times. There were three questions put by the Chair. They were put deliberately and they were put clearly. There was nothing done in any way that would indi-

cate that the majority whip, who is the chairman of the Finance Committee and who was in charge of the conference report, was attempting to slip anything by in any devious way or to take advantage of any of the Senators who oppose the conference report.

The Senator from Maryland [Mr. TYDINGS] was on the floor. He is a Senator who is allied with the group which has spoken in opposition to the conference report. He indicated afterward that it was his fault; that he was here; that he could have asked for a quorum call.

I just do not want the RECORD to stand with any implication that the leadership—let it be me, let it be the deputy whip, or anyone else in the leadership—sought to take advantage of those who are opposed to the conference report.

Mr. KENNEDY of New York. May I just say I want the RECORD kept that way. I do not want the RECORD to be changed. If the Senator from West Virginia will tell me he was unaware I wanted to speak and other Senators wanted to speak when he made that motion this morning, then I would change my position. But it would be impossible, let me say to the Senator from West Virginia, based on the conversations I have had with the Senator from Louisiana, for me to believe that the Senator from Louisiana was unaware of the fact—I do not care who was on the floor—that the Senator from New York wished to speak. The Senator says there was no deceit intended. All the Senator from Louisiana had to do was call up the Senator from New York. All he had to do was call me up on the telephone and tell me he intended to do what he did. All he had to do was tell any one of the Senators who told him yesterday he intended to speak. And I cannot believe the Senator from West Virginia, if I may say so, was unaware that there were a number of Senators who wanted to speak on this matter prior to the time it came to a vote.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. Yes.

Mr. BYRD of West Virginia. The Senator from West Virginia was aware that there were a number of Senators who wanted to speak, but the Senator from West Virginia was not privy to all the conversations going on—

Mr. KENNEDY of New York. That is right. The Senator from West Virginia was not at those conferences; but the newspapers certainly reflected very clearly that there were a number of Senators who wanted to speak.

Mr. BYRD of West Virginia. Did the Senator speak to the Senator from West Virginia?

Mr. KENNEDY of New York. No.

Mr. BYRD of West Virginia. Is the Senator from New York accusing the Senator from West Virginia of any deceit?

Mr. KENNEDY of New York. Let me ask him, Was he aware that any Member of the Senate wished to speak on this matter?

Mr. BYRD of West Virginia. Yes, I was, but I was also aware that the Senator from Maryland was sitting in his

seat in the rear row. He full well knew what was going on.

Mr. KENNEDY of New York. I do not know of the Senator from Maryland being here and being fully aware. The fact is that my arrangements were not made with the Senator from Maryland. They were made with the leadership. The leadership was aware that there were a number of Senators, other than the Senator from Maryland, who wished to speak. Maybe the Senator from Maryland should have spoken. In any case, that does not rectify the situation as far as I am concerned.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. Yes.

Mr. BYRD of West Virginia. The Senator from Maryland was here. He had every right to exercise his rights. He had every opportunity.

Mr. KENNEDY of New York. I agree with the Senator. I was not here. I was chairing the subcommittee on Indian Education.

Mr. BYRD of West Virginia. I understand that, but, if the Senator will yield further, I checked with the journal clerk and he has indicated to me that the time consumed in putting those three motions and taking the votes on them was somewhere between one and a half minutes and 2 minutes.

Mr. KENNEDY of New York. All I say is that all the Senator from West Virginia or the Senator from Louisiana, who participated in this, had to do was to call me or any other Senator involved and say, "We are going to do this at 9:20 or 9:30. It will come as a surprise to the Senator from New York, but guess what we are going to do at 9:30."

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. Yes.

Mr. BYRD of West Virginia. The Senator from New York knew we were going to come in at 9 o'clock.

Mr. KENNEDY of New York. I agree.

Mr. BYRD of West Virginia. He could have been here just as easily as was the Senator from West Virginia at 9 o'clock in the morning to protect his rights.

Mr. KENNEDY of New York. I understood from conversations with the majority leader yesterday that those rights would be protected—in fact, from the Senator from Louisiana. He said, "All you have to do is tell me what you intend to do, and I will abide by it." He said, "That should be the relationship between gentlemen." We said we intended to speak on this matter. I thought I could rely on that, because I thought I was dealing with men.

Mr. BYRD of West Virginia. Will the Senator yield?

Mr. KENNEDY of New York. I yield.

Mr. BYRD of West Virginia. I think the Senator was dealing with men, and I would prefer that he wait until those men to whom he referred were on the floor to defend themselves.

Mr. KENNEDY of New York. I am talking about the Senator from Louisiana, but the Senator from West Virginia is present.

Mr. BYRD of West Virginia. But the Senator from New York said he did not have those arrangements with the Senator from West Virginia.

Mr. KENNEDY of New York. The Senator was aware of it.

Mr. BYRD of West Virginia. I was aware of it, but the Senator from Maryland was on the floor representing those Senators.

Mr. KENNEDY of New York. I do not know that the Senator from Maryland represented me. I represented myself to the majority leader. Let me say that the Senator from Louisiana, having done this, has left the city, and the Senate is about to adjourn. I could not get him back here to tell him to his face.

Mr. BYRD of West Virginia. The Senator can do it when he returns.

Mr. KENNEDY of New York. I will be glad to send him a transcript of these remarks.

Mr. BYRD of West Virginia. If the Senator will yield further, if the Senator wishes to be here to protect his rights, he should do that.

Mr. KENNEDY of New York. I thought I did that.

Mr. BYRD of West Virginia. I do not think any Senator has the right to stand here and blame the leadership when he has not protected his rights.

Mr. KENNEDY of New York. The majority leader said this morning, after this occurred and after all this happened, that he had an arrangement with us and he expressed surprise and concern, and the fact is that he was as distressed and as disturbed as I am at what happened this morning.

Mr. BYRD of West Virginia. I honor the majority leader for taking that position. I was not privy to any of the conversations to which the Senator from New York alludes. I made the motion to reconsider and to table simply because that is the normal thing to do around here. I was not trying to take advantage of the Senator. I am glad the matter was arranged so that Senators can have an opportunity to express their opposition.

The Senator can leave the record stand like this if he wants to, but I do not intend to let it stand like that as a reflection on the leadership.

Mr. KENNEDY of New York. Let us make clear that by the leadership I am not referring to the Senator from Montana.

Mr. BYRD of West Virginia. I know that. The Senator is referring to the Senator from West Virginia—

Mr. KENNEDY of New York. And particularly the Senator from Louisiana.

Mr. BYRD of West Virginia. The Senator can have it that way if he wishes, but that does not make it right.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. KENNEDY of New York. Mr. President, it seems to me this maneuver this morning is the final denial—

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. KENNEDY of New York (continuing). Of the elements of fair procedure which has accompanied the progress of this bill since its beginning.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. KENNEDY of New York. I am going to proceed now. The House Ways and Means Committee—

Mr. BYRD of West Virginia. Mr. President, I do not wish to interrupt the

Senator, but he uses the word "maneuver." If there had been an attempt to maneuver on the part of the Senator from West Virginia, all I would have had to do was to object to the request made by the majority leader or by the majority whip.

Mr. KENNEDY of New York. I do not think the fact that we had a subsequent agreement this morning and that we are going to have a vote at a set time tomorrow is any concession at all.

Mr. BYRD of West Virginia. What does the Senator want for a concession?

Mr. KENNEDY of New York. I am not going through it. If it is not clear to the Senator from West Virginia by now, it is never going to be clear.

Mr. BYRD of West Virginia. There are a lot of things clear to me.

Mr. KENNEDY of New York. I hope so. I have tried to make some things clear.

Mr. BYRD of West Virginia. The Senator from West Virginia has tried to make some things clear, too.

Mr. KENNEDY of New York. This last maneuver is the final denial of the elements of fair procedure—a denial which has accompanied the progress of this bill since its beginning. The House Ways and Means Committee never heard testimony on any of the welfare provisions. It fashioned what have become the key elements of this punitive program behind closed doors. Then the House adopted a closed rule, so none of the provisions could be challenged individually on the floor. Not until it came to the Senate was the extent of this bill's retreat into brutality made clear.

To those whose lives would be affected by this bill, the chance was present now in the Senate to make themselves heard. But even in the committee, a sufficient opportunity was not afforded. Look at the hearings on H.R. 12080. There are three volumes, a total of more than 2,200 pages of testimony and statistics. Yet the testimony of those on welfare, the pleas of those whose lives would be changed, take up all of 10 pages. Is this the way a democratic system is supposed to work? Is this the debate and the resolution of interests that is supposed to accompany discussion of legislation?

Even without that testimony, however, Members of this body understood the harm that the welfare section of H.R. 12080 would bring about. They voted to remove most of the odious provisions of the bill, hopeful that at a conference, a compromise could be arranged.

Look at what happened. The conferees on both sides ignored the wishes of the Senate, and abandoned every Senate vote to liberalize the bill. The voices of those concerned had reached this body, but they had become silent and ineffective when the conference took place.

One more chance remained, and that was in the Senate of the United States, where we could have discussed this bill and the implications of the legislation, so that we could have seen whether we could remedy the situation, which threatens to turn the welfare laws of this country back into the 17th century.

Yet this morning, as I say, without debate and without warning, the bill was approved by a small band of Senators.

I have listened with care and with interest to the arguments that have been made about the necessity of completing action on this legislation. Let me say respectfully that I have not agreed, and I do not agree now. I believe that this is bad legislation, and that we could have done better without endangering the interests of our older citizens. I shall vote in the negative tomorrow, and I continue to urge the Senate to reject the conference report.

The social security benefit provisions of this bill represent almost a total surrender to the House of Representatives levels of benefits. I think we can do better than that. The public welfare provisions of the bill conform almost totally to the restrictive approach adopted by the House of Representatives and repudiated by the Senate 3 weeks ago. I think we in the Senate can insist that a better bill be adopted.

The Senate conceded, in conference, almost every provision where its approach was more liberal than that of the House; and the House conceded only the few points where the Senate's approach was more restrictive.

In short, the conference bill reflects almost no consideration of the mandate with which the Senate charged its conferees. I believe that rejection of the conference report and demand for more adequate social security benefits and more humane welfare provisions would be in order. The bill as reported from the conference is opposed by every major organization that has any concern in our welfare programs and by every expert on welfare. It is opposed by labor, by the three major religious faiths, by civil rights leaders, by Governors and mayors, by welfare agencies both public and private, and, perhaps most significantly, by senior citizen groups.

Let me stress that rejection of the conference report would not have been a negative act. It would, indeed, have been an act of affirmation and a commitment to the continuing fight for a progressive piece of legislation. If we had rejected the conference report, we could then have asked for a new conference and a more adequate resolution of the differences between the House and the Senate bills.

Let me stress, too, that rejection of the conference report would not have prejudiced one iota the chances for obtaining a social security increase effective at exactly the same time as provided in the conference bill. Action could have been taken at the beginning of the next session to accomplish this; the payments could be retroactive, if necessary.

So let it be absolutely clear that not getting a bill this session would not have been a disaster for anyone. The recess is to be of only a month's duration, and the fight could have been taken up at that time.

The one thing I have felt we should not have done was regard ourselves as being under pressure to act this week. As I have said to the leadership, I would have been glad to come back next week, and possibly we could have finished with it then. But I thought that, in view of the

fact that we received the legislation only 2 days ago, and had only a few hours to discuss it, that there was not sufficient time to debate it intelligently and still finish with it this week.

Let me discuss the conference report in somewhat more detail.

First, the social security provisions are inadequate, and almost a total retreat from the Senate position. The House across-the-board increase was 12½ percent; the Senate increase was 15 percent. The conference compromised at 13 percent. The House raised the minimum to \$50; the Senate to \$70. The conference compromised at \$55.

The extent of the giving in can be seen in the following figures: The cost of the benefits, in the House version, was \$3.2 billion. The cost, in the Senate version, was \$5.8 billion. The cost of the conference bill was \$3.6 billion—only \$400 million more than the House bill, and fully \$2.2 billion less than the Senate bill.

I do not think we need to settle for these inadequate benefit increases in 1968. If we had rejected the conference report and gone to a new conference, I think we could have gained more adequate benefit increases—benefit increases of the magnitude which every elderly citizen deserves and requires in order to live. I think every Member of this body who is up for reelection could have gone home and said that he was going to come back and fight for that himself.

Second, the social security provisions, as a result of the cuts in benefits just described, have been turned into a major tax measure—a back-door tax increase provision. The Social Security Administration advises me that the conference committee bill will produce a surplus of \$1.850 billion in calendar year 1968. Thus the bill takes almost \$2 billion more out of the taxpayers' pockets in taxes than it gives to their elderly fellow citizens in benefits. Although it is true that the Finance Committee version would have produced a surplus of \$1.230 billion, the version passed on the Senate floor would have produced a far smaller surplus.

Nevertheless, even viewed most conservatively, the conference adopted a back-door tax increase of \$620 million—a \$620 million burden on millions of American wage earners which will provide no benefits to their elderly fellow citizens in return.

Third, the social security benefits will be a sham for hundreds of thousands of Americans, because the increase may simply result in a corresponding reduction in their old-age assistance payments. The Senate bill contained a mandatory increase of \$7.50 a month in welfare payments for the aged, the blind, and the disabled. This was intended to guarantee that the social security increase would be meaningful for all. The conference deleted that provision; so hundreds of thousands will see their old-age assistance checks reduced by the same amount that their social security checks are increased.

Fourth, the House medicaid limitation is adopted. This is better for New York, but it is a disaster in the rest of the country. The ceiling is 133½ percent of a State's actual cash payments to AFDC children. In Mississippi the actual cash

payments to a family of four are about \$60 a month. Therefore, the ceiling on income eligibility in Mississippi for a family of four would be a monthly income of \$80 or an annual income of \$960. Even in an urban State like Ohio, the ceiling on Federal aid for medical assistance will be a family income of considerably under \$3,000 for a family of four. This cuts the heart out of title XIX, which was enacted with such great promise just 2 years ago.

Fifth, the Senate conferees gave in on the coercion of mothers to work. There is now no exemption in the bill at all for mothers. A mother could be made to work even if she had a child 6 months old or a year old, even though the child psychiatrists are unanimous in saying that it is absolutely critical for a mother to be with her child. We had testimony before the Committee on Indian Children this morning about the fact that all doctors and psychiatrists are in agreement that a mother should be with her children up to the age, really, of 6 to 9 years of age. But here we are agreeing to a provision which can take a mother out of the home when her child is 6 months or a year old, or where the mother might have two or three preschool children, under the age of six; and she can be forced by the Government to leave those children. I think it is completely unsatisfactory. If there were no other objectionable provision in this bill than that, I would think the bill was unsatisfactory.

The bill provides absolutely no exemptions for mothers of even the smallest and youngest children. Mothers would have to go to work if the State welfare agency wanted to put them to work. I have heard Senators on this floor deplore the fact that our U.S. Government or the State governments have too much of a role in the lives of our individual citizens. Yet here we are agreeing to a bill which will give them more control and more direction than we have ever given the Government at any time in our history. The Government is now going to decide what mother has to go to work, what mothers are going to remain with their children, and what mothers are going to have to leave their children. If a mother has a 6-month-old child, and the State welfare agency representative says that that is a good mother to go out and clean the latrine in the courthouse, that mother has to leave her home.

If we think that is civilized, if we think that is anything other than a step back 200 years, I would be shocked, indeed. It would be hard for me to believe that anybody could argue in favor of such a provision. That is why I was looking forward to a debate on this bill.

I would like to have heard somebody stand on the floor of the U.S. Senate and defend that provision of this legislation that was passed at 9:30 this morning.

Mothers have to go to work where the State agency decides to put them to work. Giving these agencies that power could amount to a congressional authorization of virtual peonage.

Forcing mothers to work will in the long run not be productive anyway. The number of children whose lives will be damaged and whose value to society will

be diminished when they lose their mother's care will far exceed the short-run saving in welfare costs.

And those who want to force the mothers of small children to work might well consider the implications of their position in our great cities, which are already gravely beset by racial difficulties. The hostility and anger which this coercive program will produce in ghetto areas are incalculable. If our cities are tinderboxes now, ready to burst into flames and violence, next summer's explosion will be made all the more certain and all the more serious by this program. We have witnessed Watts. We have witnessed Newark and Detroit. We have witnessed dozens of racial disorders of consequence in other American cities. President Johnson has appointed a Commission to study the causes of civil disorder.

Americans of good will in all parts of our country want to understand the causes of these disorders and to do something about them. Yet in the midst of all of these actions, we are about to pass legislation which will only make matters worse. These provisions are at odds with everything we have learned—or should have learned—about child rearing and race relations in recent years. They are simply unconscionable.

The effect of this provision will not merely be in the Northern States. There will also be a tremendous effect in the Southern States on women who want to live with their children.

The decision is to be made by a representative of a State agency that this woman can no longer live with her children but must be away from her children. This, it seems to me, is completely intolerable.

That is one of the reasons why the bill should have been thoroughly debated and discussed. The Congress of the United States should not be agreeing to that kind of a provision.

My colleagues on the other side of the aisle frequently talk, and I think frequently correctly, about the fact that the Government is involved in these matters too much, and I hear my southern colleagues also talk about it. Yet, suddenly in the Senate of the United States we are going to give the authority of the whole Government to a Government agency or bureaucrat who will control whether a mother stays with her children or is going to be forced to leave her children and go to work, and not even at a minimum wage, but in most instances at any wage the Government agency decides she should have.

It is no wonder that the legislation was passed rapidly, considering those circumstances.

If we had had a debate on this legislation, in my judgment, and if the people of the United States and our colleagues in the Senate were aware of the facts, I do not believe that the Senate would have taken the action it did.

That is why I am so opposed.

I think if the measure involved no other provision than the authority for a Government bureaucrat to be able to decide to take a mother out of her house and put her to work, it would be unacceptable to all Members of the Senate.

Sixth, the Senate conferees gave in on earnings exemptions. The Senate had provided that \$50 a month of earnings plus one-half of the rest would be exempt in computing the amount of welfare. The House provided only \$30 a month plus one-third of the rest. The conference version is identical with the House version. This is not adequate. A meaningful earnings incentive is critical in ending the dollar-for-dollar loss of welfare which occurs under present law when a welfare recipient goes to work. Because the welfare recipient loses a dollar of welfare assistance for every dollar he earns, there is very little incentive for the recipient to seek employment. Why seek work when work will produce no more income than welfare produces? The Senate provision was a modest incentive in itself. In New York City, for example, Commissioner Ginsberg has undertaken an experiment under which the first \$85 a month of earnings can be kept and half the rest as well. The provision which the conference agreed to—\$30 a month plus one-third of the rest of the earnings—is so small that it may not prove to be a meaningful test of the theory that a welfare recipient will go to work if he has some chance of keeping a significant portion of what he or she earns. And this theory must be tested if we are to stop the growth of our welfare costs.

Seventh, the Senate conferees gave in on all of the amendments regarding welfare for unemployed fathers. This means, in effect, that the man-in-the-house rule emerges from the conference strengthened rather than weakened. This is a serious step backward.

The Harris amendment to the Senate bill had provided that the program of aid to dependent children of unemployed fathers should be a mandatory part of each State's welfare plan. This would have meant that when an unemployed father has exhausted his unemployment compensation, or receives inadequate unemployment compensation, and is unsuitable for employment or training under the work incentive program of the bill, he could still remain at home with his family and receive welfare. At long last, the tragic system under which fathers have had to leave home in order that their children might obtain welfare assistance would have been ended. This would have been a long step forward in developing a more progressive welfare policy for the future.

Mr. President, I am not opposed to welfare. However, it seems to me that tremendous damage has been caused under the welfare system not only because of the cost involved, but also because of what our welfare system has done to the poor.

If a father cannot find a job, then, in order to receive welfare and thus provide for his wife and children, he must leave home. If he has any children and cannot get a job, the children had better be illegitimate or deserted, because otherwise they will not get assistance.

It makes no sense. Great damage has been caused over the past 30 years. We tried the system out. We know that the present welfare system is antiquated and terribly damaging to our whole society and to the basic family system.

The Harris amendment was passed in the U.S. Senate, but was thrown out in the conference.

As a result, the only time people can get welfare will be if illegitimate children are involved or if the father leaves home.

That provision is not satisfactory. It seems to me that we should have the father at home.

I thought that the Harris amendment, as I said on the floor at the time it was adopted, was the most important amendment that was being considered. I thought several amendments that I had suggested were extremely important, but I thought the Harris amendment was of vital importance.

Not only did the Senate concede the Harris amendment, but it accepted two very restrictive House provisions which will cut down on the availability of welfare for children of unemployed fathers in the 22 States where it now exists. The conference bill requires, for the first time, that a father must have a substantial connection with the labor force before he can get aid to dependent children of unemployed fathers. This will cut out young fathers who have never been able to get a job and hold it for a substantial length of time. And it is these young fathers who have the gravest difficulties in the ghetto areas of our cities. In addition, the conference bill says that a father cannot get welfare if he is also getting unemployment compensation, even though the unemployment compensation may be less than the welfare standard.

These provisions are pernicious. They mean that more fathers will have to leave home in order that their children can obtain aid. They mean more broken families. They mean more broken lives. They mean more children having to grow up without fathers. They mean more juvenile delinquency and additional generations of dependency and tragedy.

Eight and perhaps worst of all, the conference bill restores the House freeze on ADC payments. Thousands of children all over the country will be either cut off welfare or will receive smaller welfare checks as a result. States and localities will have to either trim welfare rolls, spread the Federal money more thinly, or pick up the tab themselves. If they do the latter, the result will be a tremendous burden on local taxpayers, as real estate and sales taxes shoot up all over the country.

The fact is that the cities and the States will not be prepared to do that in the summer of 1968. As the Senator from Montana pointed out yesterday, many of the legislatures will be out of session. They meet once every 2 years. They will not be able to remedy the situation themselves. Many of the legislative bodies will have been out of session in the first few months of 1968. It will be difficult for them to prepare for this kind of problem. Many of the cities will not be adequately prepared and cannot get adequately prepared to try to deal with the problem. Their tax bills will have gone out; their budgets will have been made up. And suddenly this tremendous problem will be put upon them, unless they permit the children to starve

to death. The children have to dress and to eat.

It is very well for us to cut 300,000 children off the rolls. That shows a real sign of economy. We have raised everybody's salary. We have raised the salary of everybody working for the Government. We have increased the allowances for Members of the U.S. Senate. We have done all that. We have taken care of ourselves. But we are going to save money. We are going to make sure the children do not have any money. We are going to cut them off the rolls. That is how brave we are. And we can go back and make speeches about how we are for economy. I do not believe it is acceptable.

The Federal Government made a commitment in 1935 that it would bear the primary responsibility for children in need, with whatever State and local matching is required. This provision would break that commitment.

The experience of broken promises is all too frequent in the lives of the poor. Hopes are raised only to be dashed. And the bitterness that results is deeper—and more explosive—than what went before. We should not delude ourselves by thinking that the poor will not realize what we have done. There will come a point at which—like the boy who cried wolf—our protestations of alarm, our expressions of concern, will fall on deaf ears. The ears of the poor will be turned to other voices, preaching alien creeds, proclaiming that the poor must give up on affluent America, must seek relief of their plight in destruction and turmoil. There will come a time when the masses of the poor—and not just a few speechmakers—will reach out for salvation in desperate ways, rather than drown in need and indignity. And I fear that we will bring that time measurably closer if we pass this bill.

I am not a Cassandra, but it seems to me that the lessons we have learned—or should have learned—over the period of the last 5 or 6 years would have moved us in the opposite direction from that in which this bill takes us.

For let there be no mistake about this: the effects of the freeze will be felt throughout our ghetto neighborhoods. The freeze will not affect only those who seek entrance to the welfare rolls after January 1. It will be felt by all of the poor. For what is the most likely result of the freeze? It is that the States will spread the available Federal moneys more thinly among all who need welfare. And, if the States lower their welfare standards in order to provide something for everyone, they will lose even more Federal money because of the freeze. So the freeze will have a double-barreled effect.

Welfare rolls will grow and grow, and every recipient will receive less and less. This is most likely because we would leave the States and cities no real alternative. What choices do they have? We do not permit them to drop presently eligible mothers and children—though I believe that some States will find a way to do this. We should not expect that the States will say to a mother whose child was born on December 31 that she may have government assistance, but turn away emptyhanded a mother whose

child was born the next day. Nor can we expect all the States and cities to meet the growing costs of welfare from their own revenue sources. Property owners are already overburdened by property taxes, and sales taxes threaten to reach levels that make further increases politically impossible.

It seems to me that this is a terribly important provision. If we were saying that the poor could have no more children and that a family could not move from the State of Louisiana or the State of Mississippi or the State of Alabama and come into any of the northern communities, perhaps the freeze would not cut any child off welfare. But we are going to have a great influx into all these areas, and where are they going to receive welfare payments? How will they survive? These are the questions I would have liked to address to those who support this bill.

So the effect of the freeze will be quite simply to spread poverty among the poor. The burden of our society's failures will fall on the shoulders of those least responsible for it. We will be taxing the poor to pay for the poor.

And this new burden that the bill would impose is going to be substantial. Let me give the Senate some figures on this. It is conservatively estimated that 300,000 to 400,000 children will be affected by the freeze during the first year of the bill's operation. This is approximately 10 percent of those now eligible. If this standard is applied to Chicago, where roughly 125,000 children now receive welfare, 12,500 more needy children will require assistance next year. In New York City, where roughly 350,000 children now receive welfare, 35,000 more needy children will require assistance next year. These children will either be denied welfare, or all the children will receive reduced welfare. And it is the same in every community across the United States.

On the basis of these figures, it is no exaggeration to say that the freeze is a 10-percent surtax on the poor. It is a cruel irony that only the destitute will pay higher taxes next year.

Bad as these facts are—and they are facts—we know that there are those who will make them sound even worse. They will be seized upon as evidence of a hopelessly corrupt society, by those always on the lookout for such evidence, and be made the pretexts for destruction and disorder. We cannot say to a generation of poor children that we will act as though they do not exist, without forcing them to adopt desperate measures to prove to us that they do exist.

I am not an alarmist. But I think that the enactment these provisions—and especially the one forcing mothers to leave their children, and the freeze—will sow seeds of great despair, unhappiness, agony and pain among our fellow citizens. And we will all reap the whirlwind for that act.

Mr. President, these are just a few of the undesirable provisions of this legislation. Let me say that whatever is the result of the present debate on this legislation, I think this discussion usefully illuminates some of the problems that exist with our welfare system. I think

there is much that we could have done through a discussion of this matter. I believe that if people really understood what is in this bill, not just the part of the social security bill in which there are benefits, the bill would have been turned down by the Senate and it would have been turned down by the House of Representatives.

I intend to introduce next year, regardless of what happens in the present debate, legislation to improve our welfare system and make it more effective. If this conference report passes, it will be necessary to undo the damage that we are doing. But in addition to getting us back to where we were before, it is time to move ahead. Making productive, useful citizens out of people who have been forced to seek welfare assistance is of course our goal. And in serving that goal, employment opportunities and related training programs are of the highest priority. But it is also necessary to make our welfare programs consistent with what we believe in as a society. Welfare assistance should be based on a single criterion: need, and need alone. It should not be based on degrading and difficult theories of qualifying tests, applications, and investigations. For the future, we must simplify the process of qualifying for welfare. And we must provide a sounder financial basis for the future. There will always be some in our society who are in need. The test of our society is how we provide for them. I intend, therefore, to continue to pursue this matter, and to put forward proposals during the next session of this Congress which are directed toward developing more effective welfare policy in our country.

Mr. President, let me go into my difficulties with this legislation in somewhat more detail—not point by point, not proposal by proposal, but in the perspective of our overall failure as a nation to do what we must for those who are afflicted and disadvantaged.

Let me begin with the social security portion of the bill. The reason for my concern about the level of benefits in the bill is simple: Our social security system has grown extensively over the years—so that 95 million people are now insured and 23 million receive benefits—but we have not yet succeeded in lifting millions of older Americans into a retirement of security and self-respect.

The 13-percent increase in retirement benefits in the bill would barely get beneficiaries back to the level of real income they had in 1954. The two increases of 7 percent each which we enacted in 1958 and 1965 actually fell short of restoring the 1954 purchasing power of benefits—for the cost of living has risen about 25 percent since that time. Thus four-fifths of the increase which the bill provides would be used up just to get back to 1954 levels. Meanwhile, wages have risen above 50 percent in those 13 years. The wealth of our Nation has steadily increased, but our older citizens have not shared in that affluence. Instead, many elderly couples retire each year—into a life of poverty.

We in Congress must share the responsibility for the inadequacy of retirement benefits.

We have an obligation to our retired citizens, some 5 to 7 million of whom live in poverty. And no wonder—last year social security benefits averaged \$84 a month, just \$1,000 a year, for individuals, and \$142 a month, \$1,704 annually for couples. Enactment of the Senate bill's level of benefits is the least we can do to begin to alleviate the difficulties of our elderly fellow citizens.

With these responsibilities in mind, I introduced in the 89th Congress, and reintroduced earlier this year, legislation to provide benefit increases of meaningful scope, and to finance them in the only equitable way available—through the use of general revenues.

In the 90th Congress this bill is S. 1009, which is cosponsored by 10 Senators of both parties. It would provide benefit increases averaging over 50 percent, and would finance these increases by a gradual infusion of general revenues. It envisions a leveling off of the general revenue contribution at 35 percent of the cost of social security by the late 1970's.

At the moment, when we are engaged in a deepening war in Vietnam which saps our resources and consumes over \$2 billion each month, it seems impractical to urge the full scope of these proposals.

But we must do everything that can feasibly be done for our older citizens.

That was why, when this bill was in committee, I proposed an amendment which was feasible, which would have provided an across-the-board increase in benefits of 20 percent, and an increase in minimum benefit to \$100 a month.

These increases would have been financed by increases in the contribution and benefit base of the magnitude which were ultimately adopted by the Senate, and by a general revenue contribution totalling 11.5 percent of the cost of social security, beginning on January 1, 1972. In 1972 this contribution would have amounted to \$4.5 billion.

This was a practical proposal. It was a sensible proposal. Indeed, those who suggest that the financing for higher benefit increase proposals than the Senate enacted was not adequately thought out are simply wrong.

The importance of my proposal was not just that it would have provided more adequate benefits than were ultimately provided by the Senate bill. It was also that these benefits would have been financed in an equitable way. For a tax on payrolls is highly regressive. For low-wage employees particularly, a required contribution beyond that contemplated in present law is going to be very burdensome. Many workers already pay more in payroll taxes than they do in income taxes.

General revenue financing would be a far more equitable way to raise revenues for the social security system, particularly revenues which would be used to provide additional benefits for low-income people—for those who worked either so irregularly or at such low wages that their contributions do not really finance the benefits they receive.

I emphasize this because the proposal I made to broaden the scope of H.R. 12080 would have given relatively more help to the poorest of our elderly, to those

who have the most difficulty in finding dignity and comfort in their retirement. If we are to provide a meaningful floor of protection for older people as a matter of social insurance, I believe it is only fair to other workers that we finance it through general revenues.

The general revenue approach is sensible and feasible. It has been considered and discussed since the inception of social security. The first Presidentially appointed Council of Economic Security, whose report preceded the enactment of the Social Security Act, said that Government contributions to the system would eventually be needed, adding prophetically that, "it will not be necessary to have actual Government contribution until after the system has been in operation for 30 years."

The 1938 Advisory Council made the same recommendation, giving as its reason that "the Nation as a whole, independent of the beneficiaries of the system, will derive a benefit from the old-age security program." The Council also said, pertinently, that "with the broadening of the scope of the protection afforded, governmental participation in meeting the costs of the program is all the more justified." The 1938 Council stated the principle to be one of "distributing the eventual cost of the old-age insurance system by means of approximately equal contributions by employers, employees, and the Government." This, of course, is what my bill will do by the ninth year after its provisions go into effect.

The Social Security Board itself in 1939 called it "sound public policy to pay part of the eventual cost of the benefits proposed out of taxes other than payroll taxes, preferably taxes such as income and inheritance taxes levied according to ability to pay."

The Board added that "the wider the coverage, the more extensive this contribution from other tax sources might properly be."

In 1946, the House Ways and Means Committee's technical staff recommended a continuing Federal subsidy up to a third of the year's total of benefit and expense payments. The 1948 Advisory Council called a Government contribution "a recognition of the interest of the Nation as a whole in the welfare of the aged and of widows and children of survivors."

Even now, partial financing for medicare for those over 65 comes from general revenues, as it does for the transitional coverage under social security enacted last year for persons over 72 who are not presently covered.

Just in the last year there have been some important expressions of opinion regarding general-revenue financing. The Automation Commission's report had the following observations:

We recommend that Congress undertake a detailed review of the entire system, including both its coverage and its financing. There is danger, in our view, that reliance on a narrow payroll tax base makes the system more and more regressive as incomes rise and other taxes are reduced.

The Advisory Council on Public Welfare reported to HEW Secretary Gard-

ner that "consideration must be given to a substantial contribution from general revenues."

The sixth constitutional convention of the AFL-CIO called on Congress to provide for the payment of contributions to the social security trust funds from general revenues.

The general revenue contributions in the proposal I made to the committee would not have had to begin until January 1, 1972. What this meant is that we would have been promising now that we would spend \$4.5 billion a year beginning 4½ years from now.

I believe this is a promise we could have made. It is not a huge amount of money. Our gross national product will exceed a trillion dollars by that time, and 1972 is far enough off so that we could easily plan to set aside this amount of money.

The net cost of the increase which I proposed would have been considerably less than the financing I have described. For the people who would have benefited from the increase are people who must now turn to old age assistance in order to eke out enough of a living to survive. Old age assistance has decreased markedly over the years as social security benefits have been liberalized. Only 11 percent of the elderly population receives such assistance now, as opposed to 22 percent of the population in 1950. Even now, more than half those receiving old age assistance in New York are on welfare because their social security pensions are inadequate. Thus, raising the minimum benefit to \$100 and raising other benefits 20 percent would correspondingly decrease the number of people on the old age assistance rolls and the amounts which those who remain on the rolls will require.

Mr. President, what I suggested were, I think, the minimum changes which should be made if we are to keep faith with our older citizens. The conditions in which millions of retired Americans find themselves after having worked productively for decades are a disgrace to us all. Adoption of the proposal I have described would begin turning our social security system in the direction long advocated by experts in the field, and would allow us to provide real hope at last to our elderly poor that they will be able to live out their lives in some measure of ease and self-respect.

Even these minimum changes were not made. I think that is unfortunate. But then, on top of the fact that what I regarded as a very reasonable proposal of 20-percent increase in benefits, financed by partial general revenue financing, was not adopted by the committee, even the 15-percent increase which the Senate adopted was rejected by the conference committee. We have broken faith with our older citizens. We must restore that faith, and I say that the way to restore it would have been to reject the conference bill and seek a new conference, in which we can seek more adequate benefits for our older fellow citizens.

Mr. President, let me add that regardless of what happens on the present conference bill, I intend to press for further consideration of partial general

revenue financing of social security. We simply cannot tolerate further financing of social security with increased social security benefits by increases in the regressive and highly burdensome payroll tax. We must increase benefits further, so that our older citizens can share fairly in the magnificent gains in productivity which our Nation has made, and when we do so, we must do so by beginning to utilize general revenue financing. That is what must be done in the future and that is what I shall continue to advocate in the coming months.

Mr. President, the public assistance portions of this bill are even more objectionable than the social security provisions. For if the social security provisions are merely far too small a step forward, the public assistance are a giant step backward. I have previously described some of these provisions in detail, but I believe it is worth while to discuss their general implications as well.

The amendments to our public assistance program which the conference adopted will not help, in my judgment, to solve the crisis in employment which grips the ghettos of our cities and the most impoverished of our rural areas. They will not help us to lighten the increasing fiscal burden of public assistance in any constructive way. Public money might be saved, but only because people badly in need of assistance will be eliminated from the welfare rolls without having anywhere else to turn. In short, these proposals seem to punish the poor because they are there and we have not been able to do anything about them. But if this is our approach they will still be there when we are done. And the problem will be no closer to solution.

About a year ago, the distinguished members of the President's Advisory Council on Public Welfare reported that welfare is "desperately handicapped" in both "legislative mandate and financial resources." The Council prescribed "a major updating of our welfare system."

The conference bill not only fails to heed the Council's prescription, but is, in my judgment, a major step in the other direction.

I can well understand what motivated the conference committee in its action. It was concerned that the welfare system as it exists today has failed to enable its recipients to obtain jobs and end their dependency. I share that concern. It was concerned at the recent rise in the number of children and mothers on aid to dependent children. I share that concern. It therefore sought to create a system which would train children and mothers on welfare, provide day care, and establish incentives to work. I, too, believe such a system is needed.

Indeed, I believe that we will never succeed in restoring dignity and promise to the lives of people whose frustration exploded into violence in the cities this summer until we develop a system which provides jobs—enough jobs and good jobs.

For the people of the inner city live today with an unemployment rate far worse than the rest of the Nation knew during the depth of the great depression. In the typical big city ghetto, only two out of five adult men have jobs

which pay \$60 a week or more—enough for each member of a family of four to eat 70 cents' worth of food a day. Only half the adult men have full-time jobs at any rate of pay. Less than three out of five have any work at all.

We must, then, work out a system to provide jobs. But I do not believe that the approach adopted in the conference bill will provide these jobs. The fact is, as the alarming unemployment and underemployment figures I have mentioned indicate, that there are not enough jobs available at the moment. We must find them, but in the meantime, it will not do to force people into training programs for jobs that are not there.

This is the basic problem which we must look to. For this problem welfare is neither the cause nor the remedy. But welfare has its role: helping those in need—and the House bill will hinder it in fulfilling that role. Indeed, instead of helping at all, it almost appears intended to punish the poor. And punish it will, particularly in areas of the country where welfare authorities have done their best to demean and degrade the recipient of welfare even under existing law.

First, the conference bill says that no State may have a higher percentage of children on welfare than it had at the beginning of next year. This would force States and localities either to deny additional aid when more children are born into a family, to spread available Federal funds more thinly, or to come up somehow with the money needed to pay the difference. The latter, of course, would shift the burden from the level of government that can best afford it to the one that can least afford it. But the more prevalent result will not be more local money for welfare, but more families cut off welfare even though they are in need. For the conference bill, with all of the other restrictions on eligibility which it contains, is an open invitation to welfare departments in some areas of our country to find ways to tidy up their case-loads and discourage new applications.

Second, the coercive provisions on work and training for mothers fit into this pattern. The objective of enabling welfare recipients to obtain productive employment is of course laudable; indeed, as I have indicated, I believe it is the only hope we have for avoiding the deep division in our society which the creation of a permanent class of welfare poor would bring. But attempting to bring about employment by compulsion is not the way to do this. There are many mothers who should not work. Some, particularly in progressive States and cities, will be excused from working. But in other States with less enlightened welfare programs, many will either be driven off the welfare rolls or will be discouraged from applying. And they will still be poor—a little more invisible, for the time being, than they are now, but no less poor, no less miserable.

There is more than one State in this country which, even under existing law, has had what has come to be known as the "employable mother" rule. Under this rule, if the welfare officials judge the mother to be employable, she is stricken from the rolls. Coincidentally,

these rulings tend to be made at the time of the year when people are needed to pick crops at \$3 a day. This rule is being challenged in litigation, but the provisions of the conference bill on compulsory work and training imply that from now on the "employable mother" rule would be sanctioned by a national policy.

Third, the punitive intent of the conference bill is evident as well in the provisions on aid to children with unemployed parents. For the first time, the parent must have had a substantial connection with the labor force in order to qualify, a provision which will eliminate many men who have never had an opportunity for steady employment. In addition, the provision denying assistance to unemployed parents who are receiving unemployment compensation will keep aid from many who need both forms of help in order to survive, and will cause some to receive neither kind of aid. The conference provision will only succeed in forcing more families to break up, forcing more fathers to leave home so the family can obtain assistance by the traditional ADC route.

We in the Senate must go on record as opposing this almshouse approach. We must go on record as forcefully as we can that this is not the direction which we want welfare to take. We must not allow this backward step.

Let me emphasize again that I do think our welfare system is unsatisfactory. But every reason why I think it is unsatisfactory will only be accentuated by the conference bill.

I believe our welfare system is unsatisfactory, because, in general, it provides aid for broken families and not for whole ones. The conference bill accentuates this by refusing to adopt the recommendations of the Senate to expand aid to unemployed parents, and by restricting that program instead.

I believe our welfare system is unsatisfactory, because it imposes degrading conditions on eligibility, and encourages the enforcement of those conditions by demeaning investigation. The conference bill accentuates these defects by adding a whole raft of new conditions for eligibility and a whole new set of incentives for the State to investigate welfare recipients.

I believe our welfare system is unsatisfactory because, once a family does penetrate the bureaucratic maze and qualify for aid, the benefits it receives are in many States not even enough to live on. The conference bill accentuates this by enacting a freeze on ADC payments.

I believe our welfare system is unsatisfactory because it causes welfare recipients to lose a dollar of benefits for every dollar they earn. The conference bill does provide a small work incentive—\$30 a month plus one-third of additional earnings. But this incentive is so small that it may well fail to encourage significant numbers of welfare recipients to work, and opponents of the idea may then succeed in claiming it will never work.

Mr. President, adoption of the provisions suggested by the conference committee would be a great step backward. We must have the perspective to

see that the welfare system is not something that exists by itself, that has no effect on the world in which its recipients live. We cannot afford to bury our heads in the sand. Our Nation has been ripped apart by violence and civil disorder that have taken dozens of lives and caused billions of dollars of property damage. We face in our cities the gravest domestic crisis to confront this Nation since the Civil War. We are not going to solve that crisis by lopping people off the welfare rolls. We are not going to solve that crisis by forcing welfare recipients to accept training for jobs when we have absolutely no idea whether jobs will be available to them after their training. We are not going to solve that crisis by punishing the poor and hoping that they will bear that punishment silently, invisibly, graciously, without bitterness or hostility for their "benefactors."

We must reject the conference report which is before us.

Mr. YARBOROUGH. Mr. President, I have been receiving a great many telegrams protesting the conference committee report on the social security bill, in addition to many statements from people who oppose the report. I do not recall anybody outside of the Government that has asked me to support the measure as reported here.

As the distinguished Senator from New York has pointed out, the House version of the social security amendments, virtually adopted by the conference report, I think are even worse than the inadequate provisions of the House version and will punish the welfare recipients.

Mr. President, telegrams continue to come into my office protesting the conference committee report on the social security bill. I will ask to have printed at the end of my remarks some of the telegrams from a wide spectrum of organizations which should be of particular interest to my fellow Senators.

The message these telegrams convey is something we already know—the House version of the social security amendments, which the conference committee virtually adopted, was bad. The House proposed benefits were unduly restrictive and the level the House proposed was shockingly incompatible with what we claim is the minimum level for subsistence in America.

But even worse than inadequate benefits, the House version indicated an intent to punish welfare recipients. Most of their punitive provisions would fall on children and would rupture family relationships. Mothers would be compelled to work without regard to the need to stay with children at home; and the House proposal would make it more profitable for a father to leave his family rather than to stay with them.

We wisely repudiated the House approach when we passed several important amendments on the Senate floor. We increased the benefits and eliminated the punitive provisions. We indicated that there was a different philosophy in the Senate than in the House and that it could not be compromised. But the changes in conference indicate there was a misunderstanding as to the depth of our conviction. Over 1 million people in my State will be directly affected by

what we do here today so I severely question anything less than what the Senate provided.

There are four simple reasons why the conference report before us is not a wise proposal. First, the increase in benefits is very small and the price we pay for that small increase is a host of punitive provisions that will be used to degrade and demean recipients.

Second, the benefits will be a sham for many States like mine because this small increase will be met by a corresponding reduction in the old-age payments. The Senate bill contained a mandatory increase, but the House deleted it and in my State, with an average payment of only \$64 per month, less than \$770 per year, the House has provided an escape clause which means Texans will get little benefit under this bill. Thousands of elderly citizens will receive old-age assistance checks which have been reduced by the same amount that social security checks will have been increased.

Third, employee taxes are raised without corresponding benefits to the elderly. The conference bill tax rate would provide a surplus of \$620 million more than the Senate version. So the conference committee has decided to tax our wage earners an additional \$620 million this next year with no real increase in benefits to many of the elderly.

Fourth, local taxes will probably be forced up in many areas. The conference limits the assistance the Federal Government can give in aid to dependent children so States must either cut children off of welfare rolls or pay assistance through increased local taxes and real estate taxes.

In summary, the conference version provides little or no real benefit, and it has punitive provisions that attack the sanctity of the family, force mothers out to work, and prevent husbands from coming home. It has a back-door tax increase of \$620 million on our wage earners, and may force an increase in local taxes and real estate taxes. Our citizens do not deserve the treatment they would receive from this bill.

Mr. President, I request unanimous consent that 10 of the telegrams I have received fairly representative of all, be printed at this point in the RECORD.

Mr. President, these telegrams are fairly representative of the telegrams I have received. I have selected these 10 to represent a cross section of the objections to the bill. Most of the telegrams are from leaders of nationwide segments of our economy and society and express concern for the elderly, the aged, and the children.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
December 11, 1967.

Senator RALPH W. YARBOROUGH,
Washington, D.C.:

The conference report on the social security bill is repugnant to human needs and dignity. Social security benefit levels are totally inadequate, and the work-training requirements imposed on mothers by the conference report are unconscionable. The welfare benefit freeze will impose heavy tax burdens on local communities and adjustments in old-age assistance and welfare standards may deprive the poorest of our

retired citizens of any income increases at all. On behalf of more than 6 million members of the industrial union department, AFL-CIO, I urge you to vote against the social security conference report and subsequently to instruct conferees to insist on the provisions of the Senate bill.

WALTER P. REUTHER,
President, Industrial Union Department AFL-CIO.

MIAMI BEACH, FLA.,
December 11, 1967.

Sen. RALPH W. YARBOROUGH,
Washington, D.C.:

AFL-CIO considers conference report on social security absolutely inadequate. Most of Senate provisions designed to improve House bill have been abandoned. Benefits for OASDI recipients would barely exceed already increased costs of living. Retreats on welfare provisions enacted by Senate are travesty on America's image as compassionate and humanitarian nation. We urge every Senator to vote against this deplorable attack on poor and underprivileged and request another conference to secure passage of an adequate social security bill.

GEORGE MEANY,
President, AFL-CIO.

WASHINGTON, D.C.,
December 12, 1967.

Senator RALPH YARBOROUGH,
Washington, D.C.:

Farmers Union board call upon the Senate to reject the social security conference report.

Farmers Union feels that the conference report might push welfare concepts backward 20 years. Farmers Union continues to support the plan to give work and training opportunities for low income people instead of welfare as contained in the Senate version which was rejected by the conferees.

Farmers Union is deeply disappointed that the social security conference report failed to give significant increases in social security payments above a cost-of-living increase. There is little question that the bill will leave many millions on social security with total incomes below the poverty level, and future generations without adequate retirement incomes.

Farmers Union regrets that the drug lobby was successful in eliminating the generic drug provision from the bill, which would save an estimate of \$100 million in taxes each year.

Farmers Union urges that the social security bill be reworked by the Congress early next year.

TONY T. DECHANT,
President, National Farmers Union.

WASHINGTON, D.C.,
December 9, 1967.

Senator RALPH W. YARBOROUGH,
Washington, D.C.:

Urge your support for two key public welfare amendments to H.R. 12080, the Social Security Amendments of 1967 eliminated by Senate-House conferees on the bill.

Although Senate had eliminated the AFDC freeze and liberalized work requirements for mothers with children on assistance, the conference maintains the particularly punitive provisions passed by the House.

CHARLES SCHOTTLAND,
President, National Association of Social Workers.

WASHINGTON, D.C.,
December 11, 1967.

Senator RALPH YARBOROUGH,
Old Senate Office Building,
Washington, D.C.:

AVC urges rejection conference report restrictions on welfare payments for dependent children and parents.

Dr. EUGENE BYRD,
National Chairman, American Veterans Committee.

WASHINGTON, D.C.,
December 11, 1967.

Hon. RALPH YARBOROUGH,
U.S. Senate, Washington, D.C.:

The executive committee of the Leadership Conference on Civil Rights urges you to vote against the conference report on the social security bill. What started out as a social security measure has become an instrument of social insecurity. It generates pressure to break up families. Under this bill fathers would abandon their families and mothers would be forced to leave their children and go to work. The war on poverty is becoming a war on the victims of poverty. Cities now wracked by terrible crises would be faced with the intolerable choice of leaving poor people destitute or trying to provide for them out of funds they do not have. This is a shocking and regressive bill. We urge you to send it back to conference and instruct the conferees to insist on the Senate provisions.

ROY WILKINS,
Chairman Executive Committee, Leadership Conference on Civil Rights.

WASHINGTON, D.C.,
December 13, 1967.

R. YARBOROUGH,
Senate Office Building,
Washington, D.C.:

ADA opposes the social security amendments conference report. The report's provisions repudiate needs and dignity. ADA urges you to vote against the conference report and to vote for the previously passed Senate social security provisions.

Very respectfully,
LEON SHULL,
Director, Americans for Democratic Action.

WASHINGTON, D.C.,
December 13, 1967.

Senator RALPH W. YARBOROUGH,
Senate Office Building,
Washington, D.C.:

Public assistants and welfare provisions of 1967 Social Security Amendments approved by conference committee represent major retreat from gains won over many years. Freezing of rolls on aid to dependent children and compulsory work programs are punitive and regressive in effect and would work hardship not only on the poor but on State and municipal welfare resources. We urge your firm support of Senate version of bill.

ARTHUR S. FLEMMING,
President, National Council of Churches.

NEW YORK, N.Y.,
December 12, 1967.

Hon. RALPH W. YARBOROUGH,
U.S. Senate,
Washington, D.C.:

The Board of Social Ministry, Lutheran Church in America, is opposed to the regressive public welfare measures embodied in the conference report on the social security amendments of 1967. We support you in your efforts to keep the substance of the Senate bill.

CEDRIC W. TILBERG,
Secretary for Program and Leadership.

NEW YORK, N.Y., December 12, 1967.

Hon. RALPH W. YARBOROUGH,
Senate Office Building,
Washington, D.C.:

We urge the Senate to reject the report of the conference committee on the 1967 social security amendments. The medievalism of the public welfare provisions far outweighs any gains to be realized from increases in OASDI benefits. We have a deep concern for the plight of the elderly but the additional hardships to be imposed by the bill on already deprived children and families render this bill an unsound public program. The conferees should be instructed to approximate

the bill passed by the Senate, and to reject the inhumane and regressive House bill. Our committees on aging, on family and child welfare and on health join us in urging you to return the proposed bill to the conference committee.

JOHN H. MATHIAS,
Chairman, Committee on Public Affairs,
Community Service Society of New York.

Mr. MANSFIELD. Mr. President, my distinguished colleague [Mr. METCALF] and I were in my office, meeting with the Secretaries of Defense, Labor, and Commerce relative to the copper situation which affects our State and the other States in the Rocky Mountain west. While I was there, I understand that there was an exchange of words between the distinguished Senator from New York [Mr. KENNEDY] and the distinguished junior Senator from West Virginia [Mr. BYRD] concerning an incident which took place earlier today having to do with the procedures attached to the consideration of the social security conference report.

The situation which developed was most unfortunate. But I must say that before I went into my office to accept and important telephone call, I did ask the distinguished Senator from West Virginia [Mr. BYRD] to bring the morning hour and the morning business to a conclusion as soon as possible, so that the Senate could resume the consideration of the social security conference report. I did so because I wanted to provide as much time for debate as possible for all the Senators concerned, to enable them to have an opportunity to express their views pro or con on the conference report.

I may say to the distinguished Senator from New York [Mr. KENNEDY] that there was no predetermined move on the part of the joint leadership—and I associate myself with the manager of the bill, the distinguished Senator from Louisiana [Mr. LONG], and the secretary of the Democratic conference, the distinguished Senator from West Virginia [Mr. BYRD]. There was nothing underhanded in the procedure. The distinguished Senator from Louisiana acted in accordance with the rules of the Senate, as he had a right to do.

I think it fortunate that once that action had been taken, the Senate as a whole, including the leadership—all of them—was able to agree to a motion for a reconsideration of the vote on the motion to agree to the social security conference report.

As to the matter of a time limitation, which, of course, reduced the period which would have been allowed Senators who wished to speak, I take full responsibility. I did approach the distinguished Senator from Oklahoma [Mr. HARRIS] and asked him what his reaction would be.

He said, in effect, "It looks as though we are in a bind. If you can agree upon a time limitation, I am sure that the group with which I am associated will be agreeable to what you may do."

So on that basis I took it upon myself to ask for a vote at 11 o'clock tomorrow morning. I was willing, if anybody had requested it, that the vote go over until later.

I am sorry that what happened this morning did occur. I repeat, it was most unfortunate. I hope it never happens again.

However, I must say, although the Senator from Montana was not at the time acting as the majority leader, he thinks it was one of those things that happen now and again, it was accidental, most unfortunate but not premeditated, and there was nothing under the table connected with it.

I hope the Senator from New York would recognize the spirit in which this statement is being made and be aware of the fact that as far as the leadership is concerned, the action taken was not predetermined. When I say "leadership" I include myself. We know that there are times when under pressure Senators do things for which they are sorry afterwards and which they would not do had they given the situation proper consideration.

Mr. President, I make this statement only to clear the RECORD and try to smooth over some of the things which I understand were said earlier this afternoon.

Mr. KENNEDY of New York. Mr. President, I want to say to the Senator from Montana that I made it quite clear before the Senator came in what my feeling is about the majority leader.

Mr. MANSFIELD. I understood that, and I appreciate it.

Mr. KENNEDY of New York. What the Senator from Montana said today, as he talks about this matter, is, I expect one of the reasons he is so highly respected and held in such affectionate regard by all Senators and by me personally. He is not only dedicated to his State and to the country, but he is dedicated to this body. He is obviously a man who is not only generous but pure in heart.

I say that about the Senator from Montana because of the description he gave of the events of the morning. I do not intend to go back into them but I think the majority leader of the Senate is a man who is pure in heart. Period.

Mr. METCALF. Mr. President, I would like to continue a little bit in connection with the statement of my distinguished colleague from Montana with regard to the conference report.

I stayed on the floor of the Senate until adjournment last night. I was prepared to make a statement on the social security conference report last night.

After discussion with the Senator from Tennessee, who was representing the conferees of the Committee on Finance in the majority leader's chair, and with the Senator from West Virginia, I let them know I did desire to speak in some detail on some phases of this report before any formal action was taken.

I also informed both of my colleagues that I would like to go to the Interior Committee where an executive session was being held at which one of the Indian Claims Commissioners was going to be up for confirmation, a gentleman from the State of Montana who has been a long-time friend of mine.

It was with some dismay and surprise that I heard during the course of that hearing that the conference report had been called up for a vote and passed

without the opportunity of my having been heard.

I am grateful to my colleague from Montana for working the matter out so that we can have some discussion about this report before the final vote tomorrow at 11 o'clock.

Mr. BYRD of West Virginia. Mr. President, the distinguished junior Senator from Montana is precise in what he has said. He did state to me last evening that he had a speech to make and he said at that time he could make a short speech or a long speech, and so I had the understanding from last evening that the Senator from Montana was going to speak.

But this morning when the majority leader was forced to leave the Chamber, as he stated a moment ago, he asked me to close the morning business as quickly as we could and to lay down the conference report on the Social Security Amendments of 1967.

I had no premonitions that the question would so quickly occur on the adoption of the conference report. When the question was submitted, and there were three motions or questions submitted, as I recall, I was somewhat surprised myself that no Senator protested, but I did not know what might have occurred overnight. I was not privy to any conversations that might have occurred overnight. It was all a cause of wonderment to me as well as to the Senator from Maryland. But I made the motion to table the motion to reconsider.

However, I felt that as long as someone from the group opposing the conference report was on the floor of the Senate—the Senator from Ohio [Mr. LAUSCHE] was in the chair and he presented the motions clearly and deliberately—I had no reason to believe anything other than that the Senator from Maryland was fully aware of what was going on.

I could not be sure under the circumstances that the Senator from Montana [Mr. METCALF] had not decided overnight not to make a speech.

So I am sorry it all happened. I think it was most unfortunate. But again I say, and I hope Senators will believe, that Senators are men, men of their word, and men of honor.

I can only say I am sorry that the matter developed as it did, but certainly there was no intention on my part to deceive any Senator, to take advantage of any Senator, or to do anything underhanded, in offering the motion to table the motion to reconsider.

I expect that more than any Senator in this Chamber I have this year sought to delay rollcalls for the junior Senator from New York [Mr. KENNEDY]. I have sought to protect him on rollcalls time after time, and I would gladly do so again. But I cannot help but be resentful when it is implied that the leadership, and I included in that, has entered into any attempt to do something underhanded or in disregard of the rights of other Senators.

I cannot erase what has happened. I could have entered an objection to the unanimous-consent request which resulted in reviving the matter and delay-

ing a vote until tomorrow had I wanted to, but I did not wish to.

Mr. METCALF. I thank my colleague from West Virginia for that information.

Mr. BYRD of West Virginia. I want the RECORD to show that I was completely sincere, honest, and aboveboard for my part, and I feel that the same can be said for all parties in the joint leadership.

Mr. METCALF. Does not the Senator from Iowa desire to have me yield to him at this point?

Mr. MILLER. If the Senator would be good enough to yield to me for a brief comment, I would appreciate it very much.

Mr. METCALF. I am delighted to do so.

Mr. MILLER. Mr. President, the other day we had before us a conference report on the military pay bill. Before it came over from the House, I advised our staff on this side of the aisle that I wanted a rollcall vote on it. I was necessarily absent at the time the bill passed the Senate, but I was assured that this could be arranged and would be arranged. The conference report came to the Senate and due to an error in communication, I was not notified, the bill was passed on a voice vote, and the motion to reconsider was tabled. After that, I got in touch with the Senator from West Virginia [Mr. BYRD] and apprised him of what had occurred. He knew nothing about it. He was quite concerned about it.

I want the RECORD to show that he was ready to do anything he could to get the Senate to reconsider that vote so that I would have the opportunity for the rollcall vote I had desired.

I took this matter up with the majority leader and with the Senator from Georgia, who had managed the bill. I think that, had I pushed it, they would have agreed to that very thing as a matter of consideration to me. As a matter of fact, in consideration of them, I finally came to the conclusion that it would be better not to push my request. However, I want the RECORD to show that the Senator from West Virginia was ready, willing, and able to do anything he could, even though he had not had any part in what had occurred.

I sometimes think that some of my colleagues might show the same deference to other Members of the Senate as I do. Sometimes, it is not easy to do that. But after all, we are a group of 100 Members. We have to get along with each other unless it is something that is going to affect most of the Members of the Senate. So that perhaps it is better not to push this matter too far.

Mr. METCALF. Mr. President, as I have already said, I was on the floor yesterday and listened with a great deal of interest to the Senator from Louisiana [Mr. LONG] and other Senators who were conferees and introduced and discussed the conference report on social security.

I listened and approved of portions of their report. It is one of the largest bills on social security, with respect to money, ever to be presented to this body. It carries a 13-percent increase in social

security benefits which is substantial but not enough, in my opinion, in view of the delay in passing the bill and the delay in bringing up the social security benefits. But, it is a substantial increase, an increase in the minimum rate from \$44 to \$55, an \$11 increase, which is a considerable increase. If a man must live on \$44 and gets a 25-percent increase, that is quite a bit. But not enough still, in my opinion. I thought that we should have a minimum substantially higher.

The President recommended and the Secretary of HEW came before both bodies and suggested that we have a minimum substantially higher. This body and the Finance Committee thought that the minimum should be 15 percent and \$70, but they came in with a report on the minimums. I would have acquiesced, as I have acquiesced in many of the other reports in the years since I came to Congress, because those things would have been corrected over the years and we would have another opportunity to increase social security benefits.

I was also impressed and I concurred in and agreed with the Senator from Louisiana, the Senator from Tennessee, and the Senator from New Mexico, in their discussion of some of the medicare benefits which would accrue to recipients of medicaid and medicare under the provisions of the conference report, under the provisions of the House bill, and under the provisions of the Senate bill.

There are improvements in the phases of social security and welfare programs which I applaud and approve; but, I do deplore the conference report because of the things that we are doing to the mothers, their children, and the poor of America.

It has been very thoroughly explored by the fine statement which has been made by the Senator from New York, but I still want to discuss it in further detail.

I feel that had we had the opportunity to discuss this special phase of the conference report, the impact upon our States and our tax systems, and our concept of what we should do for the poor and needy, it might have resulted in a whole change of opinion, not only of the Senate, but also in the whole group of States and among our constituents all over America.

Now when the Senator from Louisiana introduced the report, he started to talk about the amendments that were rejected. He suggested that perhaps it was presumed the Senate conferees would look after their own amendments rather than the other amendments offered by their colleagues, or those adopted on the floor. He enumerated a number of the amendments which the various conferees lost, some that he lost in conference, some that the Senator from New Mexico, the Senator from Georgia, and the Senator from Florida lost, and some suggested by the Senator from Delaware, the Senator from Kansas, and the Senator from Nebraska, all of whom are conferees.

Then he said:

The House conferees were denied but the bill we agreed on makes major improvements in the entire Social Security Act.

Then he discussed some of the amendments some of the other Senators had, and they had a colloquy about the special drug amendment which I supported and voted for. I also supported the amendment to make drugs cheaper for the poor of America, to obtain drugs prescribed by their generic names rather than by special trade names and get to the people important and valued drugs at much cheaper rates.

Then he said about that amendment:

In some respects we got even more than we tried to get, even though we did not actually get all that we had hoped for. In the long run we might eventually have ended up with something better than we had hoped to get. I am very much pleased.

The Senator from Louisiana also made this statement:

So that there will be no misunderstanding, and because some persons might seek to create the impression that the Chairman of the House Committee on Ways and Means is an arrogant, unreasonable, and unbending person, may I say that no one, in my judgment, could be farther from the truth to suggest such a thing.

Mr. President, I had the honor and the privilege of representing the First District of Montana in the House of Representatives for 8 years. For one term of that period, I served on the Ways and Means Committee. My chairman was WILBUR MILLS, the gentleman from Arkansas. As I looked over the conference report, every one of those members who signed it as managers on behalf of the House were men with whom I had served in the House of Representatives.

Every one had been a colleague of mine for most of the years I served in the House, and all of them were on the committee when I served.

I have said before, and I want to say here officially today, that Chairman MILLS of the House Ways and Means Committee is one of the ablest, most intelligent, and best chairmen in Congress. I said before that he is one of the most knowledgeable men on social security and on tax affairs that I know of in the United States, and that takes in

the Internal Revenue Service, the Treasury Department, the Joint Committee on Economic Affairs, and so forth.

I have the highest respect for the chairman of that committee. I have the highest respect and regard for many of my former colleagues over there. But I did not say these things about the chairman of the committee and I did not make these suggestions about whether they were arrogant, or intemperate, or hard to get along with.

The Senator from Louisiana said that.

He said:

I might say that they were determined not to accept the provisions of this conference report.

He said:

... a mother who could refuse with impunity to accept a good job—

That was not the question, but to accept any job—

when it was offered to her because she would rather live on the public dole.

It was that sort of attitude the House committee refused to accept.

He said further:

I regret very sincerely that I was not able to persuade the House Members to agree to the Byrd amendment.

He said further on another amendment:

We met concerted opposition, not only from the House conferees, but from the administration as well.

The Senator from Louisiana said on another amendment:

I want to make it very clear to every Senator that the Senate conferees were advised in no uncertain terms that they would not agree to these provisions.

And so on. His statement is replete with suggestions that the House was adamant; that they would not go along; and it was because of those suggestions that some of us who serve on the committee felt that perhaps they had not been quite as persuasive as the House managers; that our conferees, in a couple of afternoons, had abandoned the provi-

sions that went into the bill in the form of amendments in the committee and on the floor.

We held hearings over weeks. We compiled a record of 2,000 pages of testimony. We held executive committee meetings for many days, trying to correct the things that we found wrong in the House bill—not to draft a new bill, not to go along with the legislation that was sent over to the House Ways and Means Committee in the House of Representatives, but to make suggestive changes that were needed. Yet, in a couple of afternoons, our Senate conferees were persuaded by the greater persuasive abilities of our colleagues in the other body, and they abandoned most of the major amendments that were put in the bill in committee and during debate on the floor of the Senate.

That is why some of us felt that this matter should be brought to the attention of the country by rather more extended debate than we would be permitted in one afternoon or a couple of hours, or that we will be permitted as the result of the unfortunate parliamentary situation that has now occurred.

A lot of my amendments did not get adopted. I am not complaining about that. I will offer them again. I shall suggest some of them that should have been adopted, in the course of this discussion. But were it not for the so-called freeze in aid to families with dependent children, I would not be on the floor discussing this conference report today.

Mr. President, I ask unanimous consent to have printed in the RECORD a schedule that I have just obtained from the Library of Congress showing that 27 legislatures will not meet in 1968. I also ask unanimous consent that the schedule concerning legislative sessions, from "The Book of the States, 1966-67," be printed in the RECORD. These schedules point up the problem the States will be faced with when the freeze goes into effect.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LEGISLATIVE SESSIONS

[L—Legislative days; C—Calendar days]

State or other jurisdiction	Years in which sessions are held	Sessions convene		Limitations on length of sessions		Special sessions	
		Month	Day	Regular	Special	Legislature may call	Legislature may determine subject
Alabama.....	Odd.....	May.....	1st Tuesday ¹	36 L.....	36 L.....	No.....	¾ vote those present.
Alaska.....	Annual.....	January.....	4th Monday.....	None.....	30 C.....	Yes.....	Yes. ²
Arizona.....	do.....	do.....	2d Monday.....	63 C ³	20 C ³	Petition ¾ members.....	Yes. ⁴
Arkansas.....	Odd.....	do.....	do.....	60 C.....	15 C ⁵	No.....	(⁶).
California.....	Annual ⁶	do.....	Odd Monday after Jan. 1.....	120 C ⁷	None.....	No.....	No.
Colorado.....	do.....	February.....	Even 1st Monday.....	30 C.....	None.....	No.....	No.
Connecticut.....	Odd.....	do.....	Wednesday after 1st Tuesday.....	160 C ⁸	None.....	No.....	Yes.
Delaware.....	Annual ⁹	do.....	Wednesday after 1st Monday.....	150 C ⁸	None.....	Yes.....	Yes.
Florida.....	Odd.....	do.....	Odd 1st Tuesday.....	30 L.....	30 L.....	No.....	Yes.
Georgia.....	Annual.....	February.....	Even 1st Tuesday.....	60 C ⁹	20 C ¹⁰	(¹⁰).....	Yes. ¹⁰
Hawaii.....	Annual ⁶	April.....	Tuesday after 1st Monday.....	45 C ¹¹	20 C ¹⁰	Petition ¾ members ¹¹	Yes. ⁴
Idaho.....	do.....	do.....	Odd 2d Monday.....	40 C.....	(¹²).....	No.....	(¹³).
Illinois.....	do.....	do.....	Even 2d Monday.....	60 C ¹⁴	30 C ¹⁴	(¹⁵).....	(¹⁶).
Indiana.....	do.....	do.....	Odd 3d Wednesday.....	30 C ¹⁴	30 C ¹⁴	No.....	No.
Iowa.....	do.....	do.....	Even 3d Wednesday.....	60 C ¹⁴	30 C ¹⁴	No.....	No.
Kansas.....	Annual ⁶	do.....	Monday after Jan. 1.....	60 C ¹⁴	20 C.....	No.....	yes.
Kentucky.....	Even.....	do.....	Wednesday after 1st Monday.....	None ¹⁶	None.....	No.....	yes. ¹⁷
Louisiana.....	Annual ⁶	do.....	Thursday after 1st Monday.....	61 C.....	40 C.....	No.....	Yes.
.....	do.....	do.....	2d Monday.....	None.....	None.....	No.....	Yes. ¹⁸
.....	do.....	do.....	Odd 2d Tuesday.....	90 L ³	30 L ³	No.....	Yes.
.....	do.....	do.....	Even 2d Tuesday.....	30 C.....	30 C.....	No.....	No.
.....	do.....	do.....	Tuesday after 1st Monday.....	60 L.....	None.....	No.....	No.
.....	do.....	do.....	Even 2d Monday.....	60 C.....	30 C.....	Petition 2/3 elected members each house.....	No. ¹⁸
.....	do.....	do.....	Odd 2d Monday.....	30 C.....	30 C.....	No.....	No.

Footnotes at end of table.

LEGISLATIVE SESSIONS—Continued

[L—Legislative days; C—Calendar days]

State or other jurisdiction	Years in which sessions are held	Sessions convene		Limitations on length of sessions		Special sessions	
		Month	Day	Regular	Special	Legislature may call	Legislature may determine subject
Maine.....	Odd.....	January.....	1st Wednesday.....	None.....	None.....	No.....	Yes.
Maryland.....	Annual.....	do.....	3d Wednesday.....	70 C.....	30 C.....	No.....	Yes.
Massachusetts.....	do.....	do.....	1st Wednesday.....	None.....	None.....	Yes.....	Yes.
Michigan.....	do.....	do.....	2d Wednesday.....	do.....	None.....	No.....	No.
Minnesota.....	Odd.....	do.....	Tuesday after 1st Monday.....	120 L.....	None.....	No.....	Yes.
Mississippi.....	Even.....	do.....	do.....	None.....	None.....	No.....	No.
Missouri.....	Odd.....	do.....	Wednesday after Jan. 1.....	195 C ⁸	60 C.....	No.....	No.
Montana.....	Odd.....	do.....	1st Monday.....	60 C.....	60 C.....	No.....	No.
Nebraska.....	Odd.....	do.....	1st Tuesday.....	None.....	None.....	Petition $\frac{2}{3}$ members.....	No.
Nevada.....	Odd.....	do.....	3d Monday.....	60 C ⁸	20 C ⁸	No.....	No.
New Hampshire.....	Odd.....	do.....	1st Wednesday.....	July 1 ²	15 L ²	Yes.....	Yes.
New Jersey.....	Annual.....	do.....	2d Tuesday.....	None.....	None.....	(19).....	Yes.
New Mexico.....	do ⁶	do.....	Odd 3d Tuesday.....	60 C.....	30 C ²⁰	Yes ²⁰	Yes. ²⁰
		do.....	Even 3d Tuesday.....	30 C.....			
New York.....	Annual.....	do.....	Wednesday after 1st Monday.....	None.....	None.....	No.....	No.
North Carolina.....	Odd.....	February.....	do.....	120 C ³	25 C ³	No.....	Yes.
North Dakota.....	Odd.....	January.....	Tuesday after 1st Monday.....	60 L.....	None.....	No.....	Yes.
Ohio.....	Odd.....	do.....	1st Monday.....	None.....	None.....	No.....	No.
Oklahoma.....	Odd.....	do.....	Tuesday after 1st Monday.....	None.....	None.....	No ²	No.
Oregon.....	Odd.....	do.....	2d Monday.....	None.....	None.....	No.....	Yes.
Pennsylvania.....	Annual ⁶	do.....	1st Tuesday.....	None.....	None.....	No.....	No.
Rhode Island.....	do.....	do.....	do.....	60 L ³	None.....	No.....	No.
South Carolina.....	do.....	do.....	2d Tuesday.....	None.....	40 L ³	No.....	Yes.
South Dakota.....	Annual ⁶	do.....	Odd Tuesday after 3d Monday.....	45 L.....	None.....	No.....	Yes.
		do.....	Even Tuesday after 1st Monday.....	30 L.....			
Tennessee.....	Odd.....	do.....	1st Monday.....	75 C ³	20 C ³	No.....	No.
Texas.....	Odd.....	do.....	2d Tuesday.....	140 C.....	30 C.....	No.....	No.
Utah.....	Odd.....	do.....	2d Monday.....	60 C.....	30 C.....	No.....	No.
Vermont.....	Even.....	do.....	Wednesday after 1st Monday.....	None.....	None.....	No.....	Yes.
Virginia.....	Odd.....	do.....	2d Wednesday.....	60 C ^{4 22}	30 C ^{3 22}	Petition $\frac{2}{3}$ members.....	Yes.
Washington.....	Odd.....	do.....	2d Monday.....	60 C.....	None.....	No.....	Yes.
West Virginia.....	Annual ⁶	do.....	Odd 2d Wednesday.....	60 C ²³	do.....	Petition $\frac{2}{3}$ members.....	No.
		do.....	Even 2d Wednesday.....	30 C ²³			
Wisconsin.....	Odd.....	do.....	2d Wednesday.....	None.....	None.....	No.....	No.
Wyoming.....	Odd.....	do.....	2d Tuesday.....	40 C.....	do.....	No.....	Yes.
Puerto Rico.....	Annual.....	do.....	2d Monday.....	111 C ^{8 24}	20.....	No.....	No.

¹ Legislature meets quadrennially on 2d Tuesday in January after election for purpose of organizing.

² Unless Governor calls and limits.

³ Indirect restriction on session length. Legislators' pay, per diem, or daily allowance ceases but session may continue. In Colorado the 160-day limitation applies to the legislative biennium. In New Hampshire travel allowance ceases after July 1 or 90 legislative days, whichever occurs first.

⁴ If legislature convenes itself.

⁵ Governor may convene general assembly for specified purpose. After specific business is transacted, a $\frac{2}{3}$ vote of members of both houses may extend sessions up to 15 days.

⁶ Budget sessions held in even-numbered years, except in Louisiana.

⁷ Exclusive of Saturdays and Sundays.

⁸ Approximate length of session. Connecticut session must adjourn by 1st Wednesday after 1st Monday in June, Missouri's by July 15, and Puerto Rico's by Apr. 30.

⁹ Length of session may be extended by 30 days, but not beyond Sept. 1, by $\frac{2}{3}$ vote of both houses.

¹⁰ 20 percent of the membership may petition the Secretary of State to poll the legislature; upon affirmative vote of $\frac{2}{3}$ of both houses an extra session, no more than 30 days in length, may be called. Extra sessions called by the Governor are limited to 20 days.

¹¹ Convenes for no longer than 12 days to organize. Recesses and then reconvenes 2d Monday in February for not more than 33 calendar days. Budget presently considered in odd-year session only.

¹² 70-day session limit except for impeachment proceedings if Governor calls session; 30-day limit except for impeachment proceedings if Governor calls session at petition of legislature.

¹³ 30-day limit except for impeachment proceedings.

¹⁴ Governor may extend any session for not more than 30 days. Sundays and holidays shall be excluded in computing the number of days of any session.

¹⁵ Legislature may convene in special session on 45th day after adjournment to act on bills submitted to the Governor less than 10 days before adjournment if Governor notifies the legislature he plans to return them with objections.

¹⁶ By custom legislature adjourns by July 1, since all bills passed after that day are not effective until July 1 of following year.

¹⁷ Iowa constitution requires the Governor to inform both houses of the general assembly the purpose for which a special session has been convened.

¹⁸ Unless legislature petitions for special session. However, no special session may be called during the 30 days before or the 30 days after the regular fiscal sessions in the odd years without the consent of $\frac{2}{3}$ of the elected members of each house of the legislature.

¹⁹ Petition by majority of members of each house to Governor who then "shall" call special session.

²⁰ Limitation does not apply if impeachment trial is pending or in process. Legislature may call in 30-day "extraordinary" session if Governor refuses to call session when requested by $\frac{2}{3}$ of legislature.

²¹ Governor may convene senate alone in special session.

²² May be extended up to 30 days by $\frac{2}{3}$ vote of each house, but without pay.

²³ Must be extended by Governor until general appropriation passed; may be extended by $\frac{2}{3}$ vote of legislature.

²⁴ Session may be extended by adoption of joint resolution.

Source: "The Book of the States, 1966-67," vol. XVI, the Council of State Governments, Chicago III.

THE LIBRARY OF CONGRESS, Washington, D.C.

REGULARLY SCHEDULED SESSIONS OF STATE LEGISLATURES IN 1968

[State and convening date]

Alaska: Jan. 22.
Arizona: Jan. 8.
California: Jan. 1.
Colorado: Jan. 3.
Delaware: Jan. 2.
Georgia: Jan. 8.
Hawaii: Feb. 21.
Kansas: Jan. 9.
Kentucky: Jan. 2.
Louisiana: May 12.
Maryland: Jan. 17.
Massachusetts: Jan. 3.
Michigan: Jan. 10.
Mississippi: Jan. 2.
New Jersey: Jan. 9.
New Mexico: Jan. 16.
New York: Jan. 3.
Pennsylvania: Jan. 2.
Rhode Island: Jan. 2.
South Carolina: Jan. 9.
South Dakota: Jan. 2.
Virginia: Jan. 10.
West Virginia: Jan. 10.

Adapted from table, "Legislative Sessions," pp. 46-17, "Book of the States, 1966-67."

Mr. METCALF. Mr. President, the other night when I listened to President Johnson's talk to the AFL-CIO convention in Miami, he recalled that when he was a Member of the House of Representatives he had voted for a minimum wage law of 25 cents an hour. That reminded me of the first time I participated in a legislative body as a member of the house of representatives in the Montana Legislature. In 1937, I voted for a minimum wage law of 30 cents an hour. At that time, I served on the Social Security Committee of the House of Representatives of the Legislature of Montana. That was the year when the various legislatures throughout the country adopted amendments to their laws to take care of the amendments President Roosevelt and the New Deal Congress had put through Congress in the preceding year.

That was the year when we changed our concepts of how to take care of those who were poor, underprivileged, and unemployed, take them from the county poor farm and the county workhouse, and put them through a welfare pro-

gram. That was the year we in the State of Montana passed the first State appropriation for social security and for public welfare.

In those days public welfare ran considerably ahead of social security in many cases, especially in benefits to the aged. Old-age assistance is declining these days, and social security benefits are increasing; and that is as it should be, because social security benefits are accruing to more and more people, and more and more people are beginning to enjoy the privilege of being off the relief rolls.

So, in those days, in all the State legislatures, as in Montana, we passed legislation that provided that State appropriations would take care of both welfare and social security provisions and unemployment compensation, which was a problem at that time.

In many of the States, as in Montana, those appropriations are made for 2 years.

We took it out of the hands of the county commissioners and boards of su-

pervisors of the cities and various other agencies, and put it in the hands of State public welfare agencies. I think the thing we did in those days was a great exercise of federalism—to close debtors' prisons, poor farms, workhouses, and begin payments to people and try to let the poor and impoverished exist with some dignity.

We have continued that kind of concept over all the years that have ensued since, until this bill was passed and this provision for aid to families with dependent children was adopted. I refer to the so-called freeze. That is described on page 60 of the conference report, under the subheading, "Limitation on Number of Children With Respect to Whom Federal Payments May Be Made." That is a part of the material that was put in the RECORD, so far as the conference report is concerned. It can be found at the place where the Senator from Louisiana inserted it in the RECORD under this heading.

I read from the conference report relating to amendment No. 214, section 208:

Amendment No. 214: Section 208 of the House bill amended section 403 of the Social Security Act to provide that the number of children receiving AFDC with Federal financial participation in any State for any quarter after 1967 because of the absence of a parent from the home may not represent a proportion of the total under-21 population of the State at the beginning of the year involved which is larger than the corresponding proportion for the first quarter of 1967.

The Senate amendment removed this limitation from the bill.

The conference agreement includes the House provision, but bases the limitation on the number of children under 18 receiving aid as compared to the total under-18 population of the State instead of taking into account children up to 21, uses the first quarter of 1968 instead of the first quarter of 1967 as the base quarter for purposes of the comparison, and makes the limitation effective after June 30, 1968, instead of after December 31, 1967.

This very bad concept was not attacked by the Senate conferees. Rather, they boasted that they had made some corrections in the House bill by moving the effective date of the so-called freeze from January 1967 to January 1968, and changing from 21 to 18 the proportion granted. That is a very minor and very small change. It does not in any way affect the principle of the freeze and does not in any way affect the concept that we shall shut the children of these mothers off on July 1, 1968, on the basis of the proportion that they were to the population as of January 1, 1968.

Mr. President, the Senator from New York [Mr. KENNEDY] and other Senators suggested that we cannot control the birth rate and say that no children shall be born after January 1, after New Year's Day, 1968. He suggested that we cannot control the rate of migration of rural families from the farms to the cities. Of course we cannot.

We cannot even control the migration rate of Stokely Carmichael when he wants to travel outside the United States, to say nothing of migration back and forth from the rural areas to the urban areas.

Yet we are saying to the States that after June 30, they will not receive any Federal assistance for any children born after the 1st of January 1968, or any children whose families moved into the area after that date unless there is a comparable outflow of children. That is what I am talking about. That is what many of us feel is going to cause distress, disaster, hunger, and further poverty in this country, this summer, and until it is repealed.

During the course of the debate yesterday, the Senator from Louisiana said, "Well, we left it up to those who know, those experts who know more about welfare."

I challenge that statement. More than 150 people who are true experts, who do know about welfare and about the impact of such a provision as we made, and such a provision as the House agreed to—the impact on the poverty stricken and the welfare recipients of the Nation—testified before the committee. The other day I put into the RECORD a list of people who opposed this so-called freeze before the Senate committee.

Mr. President, the only persons who came in to testify before the Finance Committee in support of the House provision were the representative of a Council of State Chambers of Commerce, and the Puerto Rico Medical Association. More than 150 experts—true experts—formally opposed this provision, including the Governors of 13 States, a statement from the National Council of Governors, members of public welfare commissions from many States, and members of such organizations as the National Council of Negro Women, the National Council of Senior Citizens, and others.

Yesterday the Senator from Oklahoma read into the RECORD a telegram from the National Council of Senior Citizens in which the members of that council, through its executive board, suggested that the National Council of Senior Citizens did not want to have an increase of 13 percent in benefits, or a minimum of \$11 per month, at the expense of the mothers and children of poverty stricken America.

That was not a new concept or a new idea as far as the National Council of Senior Citizens was concerned after the bill passed, because, in the course of the hearings, at page 1075 of the hearing record, the representative of the National Council of Senior Citizens, John W. Edelman, president of that council, said:

Most shocking of all the provisions of the House-passed social security bill are its savage restrictions on Federal aid for relief of the poor.

Under this bill, relief to poor families could be shut off entirely or a poor family could have relief payments reduced by arbitrarily cutting off adults from relief and children could be removed by court order and placed with strangers for care.

So great is the concern of National Council members over this threat to children of the poor that I have received many letters from members who, despite their own need for a meaningful social security increase, offer to forgo an increase if this will protect poor children from the plight that awaits them

if the House-passed social security bill should—God forbid—become law.

Our members, who have raised families, know the importance of family life to children and can understand the hurt inflicted on them when they are arbitrarily deprived of family life.

Mr. Chairman and other distinguished committee members, the welfare restrictions of the House-passed social security bill deliberately discriminate against cities like New York, Chicago, Detroit, Cleveland, Newark, and other communities with large ghetto areas teeming with the outcasts of our changing agricultural system.

The bill does nothing to prevent the migration of agriculture's human rejects to city ghettos. This migration will continue. Restrictive welfare measures proposed in the House-passed bill are not likely to change this historic movement from the farms to the cities.

I appeal to the committee and the Senate to show compassion for these victims of a changing technology in agriculture. I plead with you to lighten, rather than add to the heavy burden the unfortunate poor in city slums must bear.

Mr. CASE. Mr. President, for nearly a full year the Congress has been debating the social security bill. It is most unfortunate, therefore, that at this eleventh hour in the session the Senate is faced, virtually on a take-it-or-leave-it basis, with a conference report containing public welfare provisions opposed by nearly every group and individual appearing before the Finance Committee during hearings on the social security bill and by the majority of the Senate as evidenced by the votes taken on the bill 3 weeks ago.

I, of course, am disappointed with the social security benefit levels in the bill. Certainly a 15-percent increase in benefits, with a minimum of \$70 per month, is not too much to ask in view of today's cost of living. As most social security beneficiaries know from experience, anyone living on a fixed income has been fighting a losing battle in this inflationary period.

At this point, however, I would like to call particular attention to my deep concern with the provisions of title II, the public welfare amendments. Just 6 months ago the deep social unrest in our urban areas exploded in the violence of Newark, Detroit, and some 50 other cities around the Nation. Evidence of the problems in our core cities continues to mount almost daily. Thus it is particularly distressing to find that we are presented with a bill which is retrogressive in nature and which represents a significant departure from what has been a humanitarian approach to the problems of the poor in our cities.

If anything has been learned in the past several months from the Newarks, the Plainfields, and the Detroits, it is that, as a Nation, we can no longer ignore the deep and bitter feelings of frustration and despair of those trapped in the poverty cycle. Yet the punitive provisions of the welfare amendments can only exacerbate the tensions in the ghettos.

The bill before us would use compulsion to put parents receiving aid to families for dependent children—AFDC—into work training programs. Contrary to the philosophy of the Senate-approved

bill, it assumes that mothers of young children should work rather than take care of their children. It also rejects the Senate provision that families of unemployed fathers should be eligible for AFDC payments.

The provisions intended to encourage welfare recipients to find jobs can hardly be called incentives. The job-training allowance we approved three weeks ago has been cut from \$20 a week to \$30 a month. This comes to approximately \$7 a week or just about enough for bus fare. The amount of outside earnings a recipient is permitted to keep over and above his welfare payment has also been substantially reduced.

By placing a freeze on the number of AFDC children for whom States can receive matching Federal funds, the conference committee report ignores population migration patterns which are caused by forces of national scope, such as unemployment, automation, and the decline of rural wages and jobs.

Many large cities have become in-migration areas. Because the migrants generally come from deprived areas, are functionally illiterate, untrained, and lacking in employable skills, many of them becomes almost immediately, welfare cases. My own State of New Jersey has the third highest rate of in-migration in the Nation, with the heaviest flow moving into the older cities.

In protesting the conference committee bill, officials of Essex County, N.J., where Newark is located, informed me only today that while the total population of Newark has declined in recent years, the welfare case load has increased sharply. Since 1960 the number of Essex County AFDC cases, 87 percent of which are in the city of Newark, has quadrupled and the costs have increased by 463 percent. During this same period of time, the Federal contribution to the Essex County AFDC load has declined from 42 to 33 percent.

Mr. President, at this point I ask unanimous consent to have printed in the RECORD three telegrams, all directed to me.

The first is from Philip K. Lazaro, director of the Essex County Welfare Board.

The second is from Lloyd W. McCorkle, commissioner of the Department of Institutions and Agencies of the State of New Jersey.

The third telegram is from Walter C. Blaisi, Essex County supervisor, C. Stewart Hausmann, Essex County freeholder, Thomas R. Farley, Essex County freeholder, and Hymen B. Mintz, Essex County freeholder.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

NEWARK, N.J.,
December 13, 1967.

HON. CLIFFORD W. CASE,
Senate Office Building,
Washington, D.C.:

We strongly object to the provision in H.R. 12080 relating to the arbitrary freezing of Federal participation in payments to needy families at the January 1968 level for the following reasons: 1. With the national migration of needy people from rural to urban areas, caseloads in urban areas continue to

grow rapidly. The freeze would therefore penalize every urban area by requiring them to bear a larger share of the cost. In Essex County for instance, while the total population has remained relatively static, the demographic makeup has changed as middle-class families have moved out and the underprivileged have moved in. As a result costs in Essex for the ADC program alone have risen from \$8,000,000 in 1960 to a projected \$45,000,000 in 1968. 2. This freeze further intensifies the local financial problem in that the Federal Government in these years has contributed at flat \$22 per person in ADC despite mandated rises in assistance grants, thus forcing local government to carry an increasing percentage of cost. In Essex, for instance, the Federal share in 1960 amounted to 42 percent of the total. In 1968 it is projected at 33 percent. Rather than freeze present Federal aid we strongly urge an increase in the per capita payment as well as elimination of the freeze provision.

We respectfully urge you to take whatever affirmative action you can with respect to the points raised herewith.

PHILIP K. LAZARO,
Director, Essex County Welfare Board.

TRENTON, N.J.,
December 12, 1967.

HON. CLIFFORD P. CASE,
Senate Office Building,
Washington, D.C.:

New social security legislation, HR 12080 as reported out of Senate-House conference contains provision freezing Federal participation in aid-to-families-of-dependent-children program. If adopted this can be catastrophic for New Jersey, particularly our urban centers. New Jersey will suffer because 1—It is nationally recognized that the number of welfare recipients has been maintained at a low level in New Jersey and 2—New Jersey has the third highest rate of in-migration in the Nation. Freeze on Federal participation would place the entire cost of increased loads on State, county, and municipal governments.

LLOYD W. MCCORKLE,
Commissioner, Department of Institutions,
and Agencies, State of New Jersey.

NEWARK, N.J.,
December 11, 1967.

HON. CLIFFORD P. CASE,
Senate Office Building,
Washington, D.C.:

Immigration escalating welfare cost creating crisis in Essex County. Urge you oppose restrictions on and fight for liberalization of welfare provisions of Social Security Act.

WALTER C. BLAISI,
Essex County Supervisor.
C. STEWART HAUSMANN,
Essex County Freeholder.
THOMAS R. FARLEY,
Essex County Freeholder.
HYMEN B. MINTZ,
Essex County Freeholder.

Mr. CASE. Mr. President, is less Federal support to our metropolitan areas to be our answer to the urban problem? Are we to express our commitment to the most serious problem in our Nation by accepting a bill which punishes rather than helps those who need help the most? This kind of response is not just shortsighted. For the disadvantaged and the poverty stricken, it contains the seeds of deeper disillusionment and bitterness.

Forcing those on welfare to bear the burden of our national confusion and frustrations will not halt the changes occurring in our society, nor does it represent a responsible answer to the Nation's

problems of race and poverty. I, therefore, urge the Senate to reject the conference report and to insist on the public welfare provisions of the Senate bill.

Mr. JAVITS. Mr. President, I, too, as did my colleague, the Senator from New Jersey [Mr. CASE] rise to protest the deeply unjust provisions contained in the conference report.

Nobody knows better than I the charm and blandishment of voting "aye" on a conference report of this character on the ground that it does nice things for a lot of wonderful people.

Mr. President, these very same people, however, do not in their own names wish to see harm and injustice done to a lot of other dear people who deserve to receive the help of our Government.

They know and I know that, even if this conference report were rejected it would only take another 24 hours for the conferees to be back with another report which would correct the rather barbarous inequities contained in this report.

I think that is very important, because due to events over which, let us assume, nobody had a control, to be as kind as possible to our colleague, our efforts to put over consideration of this report were aborted.

We are now face to face with the adjournment rush and the voting deadline, and no opportunity whatever is afforded to alert the people of the country as to what is at stake here and why.

Mr. President, I have received telegrams sent by the Governor of the State of New York and by the mayor of the city of New York, expressing in eloquent terms their opposition to what is here contrived, and their reasons.

Mr. President, I ask unanimous consent that a telegram addressed to me by a distinguished labor leader, Walter Reuther, president of the Industrial Union Department of the AFL-CIO, be printed at this point in the RECORD. In this telegram he speaks of the conference report as being "repugnant to human needs and dignity."

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
December 11, 1967.

Senator JACOB K. JAVITS,
Washington, D.C.:

The conference report on the social security bill is repugnant to human needs and dignity. Social security benefit levels are totally inadequate, and the work-training requirements imposed on mothers by the conference report are unconscionable. The welfare benefit freeze will impose heavy tax burdens on local communities and adjustments in old-age assistance and welfare standards may deprive the poorest of our retired citizens of any income increase at all. On behalf of more than six million members of the Industrial Union Department, AFL-CIO, I urge you to vote against the social security conference report and subsequently to instruct conferees to insist on the provisions of the Senate bill.

WALTER F. REUTHER,
President, Industrial Union Department,
AFL-CIO.

Mr. JAVITS. Mr. President, I think that the Senator from Montana [Mr. METCALF], the Senator from Oklahoma [Mr. HARRIS], and the junior Senator from New York [Mr. KENNEDY] who

were all fighting so forcefully should receive the thanks of the country for the burden they have had to carry on this matter.

It seems to me that what has to be made clear is that the social security increase, inadequate as it is, would not go down the drain if we postponed action on this report. There is no jeopardy about that. Nobody will even know what went on, as far as that is concerned. No one would receive increased checks until March in any case. Therefore, the idea of slowing down a bit and rousing the welfare organizations and decent citizens and marshaling the Governors was sound. And they should be roused. But we have now found ourselves in this trap—compelled to consent to a vote tomorrow. However, that is by no means the end of the matter.

If this measure is as wrong as I think—and it is—then there will be a chance to right it in the new Congress.

All of us have ultimately to face the people, and we will have to face them in 1968.

There will be plenty of time to make this case and make it effectively. Congress has a way of reacting to the sentiments of the country; I say to my colleague, the Senator from Montana [Mr. METCALF], who was kind enough to yield to me. If the sentiments are expressed well enough and strongly enough, the people will get action next year in the Senate and in the House of Representatives.

That is why I felt that the feelings expressed so strongly by the Governor and the mayor of New York are very useful. They represent 18 million people, almost 10 percent of the Nation. It is a very progressive State.

I am sure that many other individuals and officials in other States will feel the same way and express their feelings and make their weight felt in Congress.

I hope that my colleagues will not feel that the ball game is over just because the situation we face—which, as I say, is just one of those acts of God—has made it impossible to marshal public sentiment right now.

All that was desired was that the matter go over until 2 days after we return on January 15.

I repeat, no one would have been in the least discommoded. The social security recipients would not even have known it happened, because they would not receive their first checks until March of 1968, anyway, and we have every assurance that their checks would have been sent out just the same if this report were dealt with in January instead of now. But it suits those who do not take our point of view to press the matter now. They have prevailed in terms of the parliamentary situation we face and in which our effort was aborted by the highly controversial events of this morning.

What we must do now, in my judgment, is to make strongly apparent how serious is the case in order to arouse sentiment to support that case. I have never seen Congress fail to respond when there was sufficient outcry, and especially when it was based on just cause.

The single most unjust aspect of this bill is the freeze placed on Federal payments under the AFDC program. This is really like plowing under little pigs or holding back little children or reserving the cure for cancer because it is good for us to suffer.

Mr. President, the proponents of the bill say that it will help to reduce Federal welfare expenditures. Certainly, it will. But it will not help to reduce welfare expenditures borne by decent people living in communities where the size of the welfare rolls will depend upon the welfare requirements, not upon the words of the Federal law. They will have to carry the full cost, without any Federal help. It is particularly burdensome upon those very areas of the country which, because of their superior opportunities and their superior performance, are attracting migration of people of low economic income and low training—people who come from Puerto Rico and from the Deep South and other areas of the country to find exactly what these States, which have enlightened policies, give them.

The welfare rolls of these areas will inevitably increase. Indeed, the mayor of New York says that the New York City burden will rise by \$50 to \$70 within 18 months. That is what is at stake here. New York—and I am sure it is true of Philadelphia, Chicago, Boston, and cities in the States of almost every Member of the Senate—will not allow children to go uncared for when they urgently need welfare.

The result of this unjust amendment will be to force up real estate taxes in those very municipalities where they are trying to cope with their responsibilities. Mind you, this is a national problem, because we have no control over the movement of population in this country. I believe it is estimated that not less than 5 million Negroes have moved up from the South within the last decade. A tremendous migration to New York, for example, has taken place in the last 20 years, from Puerto Rico, giving us desirable citizens. They will be wonderful citizens in a very short period of years. In the meantime, they represent a national movement of population for whose responsibility the Nation, in this iniquitous amendment, washes its hands.

Mr. President, for myself—and I feel very deeply that it should be the rule for the others who are engaged in this effort—the elimination of this freeze should be one of the major tasks during the next session of Congress.

Another key provision of the conference report which is most objectionable deals with the new so-called work incentive program. This is a euphemism designed to sugar over what is really compulsory work for mothers, something which you would hardly dream of in the Congress of the United States.

We had on the Senate floor—and, indeed, the Senate committee had done it itself—succeeded in ameliorating the original work provisions of the House bill. We had exempted mothers with preschool children from mandatory work, and had also barred compulsory work during non-school hours for mothers who actually cared for school children

16 or under. These salutary exemptions were struck out in conference.

Even the provision specifically allowing the States to create categories of exemption was dropped, purportedly for the reason that it was redundant. It was not redundant, for the bill, as it left the Senate, specifically allowed the Secretary of Health, Education, and Welfare to issue criteria under which States could exempt persons from the compulsory work program. That important Federal power to establish guidelines is now out of the bill, and the matter is left in State control—exactly what has caused the trouble before this.

Also extremely distasteful to me is the fact that welfare payments for families in which a parent refuses to work without good cause are henceforth to be made in the form of protective or vendor payments. Mr. President, nothing is more calculated to break down morale and family life than these protective and vendor payments. The words "protective payments" are also a euphemism, because they interpose a third party into the family as the provider and purchaser of elementary goods and services, and this seriously undermines family integrity and stability. It would be difficult to think of a better mechanism to lead to more broken homes and more disrupted family life than we have here. And we further complicated the matter by allowing the use of vendor payments—that is, payments directly to those who supply services—an untried and long discredited system of providing the essentials of life through government arrangements with merchants.

Of course, our conferees also gave in on the enlightened floor amendment, which I had long championed, to make the welfare program applicable on a nationwide basis even where there is a man in the house, and to take away the discretion to deprive such families of welfare payments.

Mr. President, the conference report deserves much greater detailed and critical consideration than it will receive today and tomorrow. We should have had an opportunity to vote it down and to instruct our conferees to return to the conference table to eliminate some of its worst provisions. Instead, we will be forced to vote on it on a take-it-or-leave-it basis—a vote that makes a rejection of the conference report much more difficult. But these issues must be faced. That is what we are here for.

Mr. President, I join with my colleagues, for that reason, in rising to protest against the injustice and against the situation which has brought us to it.

Mr. METCALF. I am grateful to the Senator. In the course of my comments I shall elaborate on the important work that the Senator is doing in the conference on education, in an effort to solve the problem of poverty in America, and the problem of the welfare of people who are unemployed. The Senator from New York, the Senator from Pennsylvania, and others are working on the problem of education for our people and are not attempting to cut them off the welfare rolls.

Mr. JAVITS. I thank the Senator.

Mr. METCALF. Mr. President, the Senator from New York mentioned the fact that there was no question that this 13-percent increase in social security benefits and the \$55 minimum would be promptly passed and that there is no question in anybody's mind, too, that the Secretary of Health, Education, and Welfare would go forward and prepare himself to issue the checks under the present legislation and under any other legislation which would be adopted in changing these other matters that would not go into effect until the 1st of March, and that those checks would be forthcoming at that time.

That was the matter I was just preparing to go into when I yielded to the Senator from New York, because I had suggested that back at the time we held hearings in the Senate Finance Committee on this bill the president of the National Council of Senior Citizens, the group that is most affected by this legislation providing a 13-percent increase and a \$55 minimum, said they did not want to have that increase if it meant they would have to accept the House-passed social security bill with the so-called freeze.

The House wanted it. We wanted it. The administration wanted it. We wanted the increase. Some of us wanted more than 15 percent. Some of us felt the minimum should be more than \$55.

It would not have been a matter of 24 hours from the time this body had rejected the conference report before they would have been back with some provision to take care of those people.

Even if the matter had gone over until 2 days after this Congress reconvened in the second session, as has been suggested, there would still have been time for the Department of Health, Education, and Welfare to issue the checks provided.

During the course of his discussion, the Senator from New York said that one of the reasons why he was not on the floor this morning was that he was participating as the ranking minority member in the conference on the education bill. At that time I mentioned, and I want to reiterate, that the way to take care of this situation with respect to people on public welfare, people who are unemployed and unable to earn enough money to take care of dependent children, is not to kick them off welfare, not to return them to the debtors' prisons or poor farms or workhouses, but to let them compete in a modern society.

Many people have said that we now have a third generation drawing welfare. That is not the failure of the program. That is our failure. That is the failure of the Congress of the United States and the Republican and Democratic administrations over the years. That is the failure of the legislatures and the Governors of the various States of the Union in not providing the kind of work-training programs and vocational education and educational opportunities so people can get themselves out of the morass of welfare year in and year out and have the opportunity to take a useful place in society and earn the kind of wages and salaries they are capable of earning if they have the right opportunity.

The Secretary of Health, Education, and Welfare appeared and testified before the committee. I regret very much that, apparently, the administration has accepted this freeze or the very limited change that came out of the conference report at this time. But the administration had not accepted it when the Secretary came before the Senate Finance Committee. He said, with respect to working mothers and what is going to happen to the children, that what really matters is what happens to individual members of the families.

Let me read from what he said:

What really matters is what happens to each family. A mother might appear to be a good candidate for work and training on several grounds, yet special circumstances might make it desirable for her to delay entrance into the program. If determinations are made according to rigid formulas inflexibly applied, if lack of imagination and foresight characterize action at the decision level, then the result can only be grief for the individuals and families involved and defeat of the purposes of the program, which are to strengthen the family and move it toward independence.

All things considered, we believe that the establishment of training programs should be mandatory upon the States, but voluntary as far as the AFDC mothers are concerned. We believe that, with the universal existence of work training programs and day care arrangements so wisely provided in the House bill, plus the \$20 incentive payments provided in the administration proposals plus the prospect of reasonable income exemptions, a very high percentage of mothers will want to be trained and will want to go to work.

The work-training projects offer great opportunities but, like all opportunities, they must be exploited with wisdom as well as energy. We must be sure that we are not preparing candidates for nonexistent jobs. But I would hope that we could go beyond merely giving vocational training for already existing or conventional, particularly dead end, jobs—that at least some of the projects would be consciously aimed at creating new careers in new kinds of jobs for the participants.

The people who know, to use the phrase used by the Senator from Louisiana, unanimously testified against the House bill and against the freeze and against making mothers work. Yet that is provided in this bill. An assistant professor at the University of Utah, who was a member of the graduate school of social work in that institution, suggested that while the provisions for additional day care service and foster care are much needed, unless we are willing to encourage stronger family life by providing more adequate support for the child in his home, there is a danger of disrupting families unnecessarily.

I ask unanimous consent that excerpts from her testimony be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM TESTIMONY OF MISS ZELLA D. ALLRED, SALT LAKE CITY, UTAH, ASSISTANT PROFESSOR, UNIVERSITY OF UTAH GRADUATE SCHOOL OF SOCIAL WORK

Re H.R. 12080.

HON. RUSSELL B. LONG,
U.S. Senate, Washington, D.C.

DEAR SENATOR LONG: I am very much concerned over some of the proposed amendments to the public assistance provisions of the Social Security Act. May I take this means

of drawing to the committee's attention those provisions which I think will tend to defeat a major purpose of the program to strengthen family life.

* * * * *

The proposed amendment to Section 402A, which would withhold assistance from a relative or dependent child who refused to participate in a work training program is unnecessarily punitive and again fails to recognize the complicated factors that go into such dependency.

There are two points in Section 201a of H.R. 12080, Sub-Sections 15 and 16, which may be detrimental to the overall objective of strengthening family life. Emphasis on "assuring to the maximum extent possible that such relative, child, and individual will enter the labor force and accept employment so that they will become self-sufficient" may not be in the best interest of the child or in long-range planning for family stability. Although this is qualified by reference to "appropriate cases" this qualification is frequently overlooked in employment planning. I have seen a number of instances in which mothers have been encouraged to go to work to the detriment of our future generation.

* * * * *

The provisions for additional day care services and foster care are again very much needed, but unless we are willing to encourage stronger family life by providing more adequate support for the child in his own home there is again danger of disrupting families unnecessarily.

I sincerely trust that your committee will give careful consideration to these particular points.

Respectfully yours,

MISS ZELLA D. ALLRED, ACSW,
Assistant Professor.

Mr. METCALF. Mr. Lawrence Speiser, of the American Civil Liberties Union, testified very eloquently about this compulsory work training program. I ask unanimous consent that excerpts from his testimony be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

STATEMENT OF LAWRENCE SPEISER, DIRECTOR, WASHINGTON OFFICE, AMERICAN CIVIL LIBERTIES UNION

B. COMPULSORY WORK-TRAINING PROGRAMS FOR AFDC ADULTS AND OUT-OF-SCHOOL CHILDREN OVER 16

Section 204 of H.R. 12080 requires the states to set up work-training programs for the "appropriate" adults and children over 16 who are not in school. In the words of the Committee report, "If, without good cause, any appropriate child or relative refuses to accept a work or training assignment, or refuses to accept employment or training offered through the state employment service (or that is otherwise offered by an employer) he will have his assistance discontinued upon verification that of this refusal and specific evidence that the offer of training or employment is a bona fide one."

We feel, fundamentally, that the very power to arbitrarily compel a person to accept employment, is inimical to a free society and in conflict with the Thirteenth Amendment prohibition against involuntary servitude and a denial of the equal protection of the laws.

Mothers, in a program so heavily involved with fatherless homes, are heavily affected by Section 204. We insist it is a denial of equal protection and due process either to withhold aid from a needy family where the mother refuses to leave her young children to work or to compel her to work in order to receive aid. The condition of poverty is not a reasonable basis to deprive a mother of the right to remain with her children if she feels they need her and we must recognize that the

right of a mother to rear her children is a right.

Nor can we appropriately empower the state to make the decision whether a particular mother's determination not to leave her children is "good cause" for refusing employment. Section 204 lends itself to the same implementation as state "employable mother" rules such as the Georgia act now being challenged on equal protection and due process grounds in *Anderson v. Schefer*, Civil No. 10443, N.D. Ga., Sept. 20, 1966.

The complaint alleged that "in practice, the policy has the intended effect of depriving large number of Negro families of AFDC benefits and of maintaining an available supply of Negro laborers for agricultural employment in Georgia. County boards in rural areas terminate AFDC eligibility for Negro mothers as of a certain date each year regardless of whether employment is actually available. White mothers are usually exempted from the work obligation because farm labor traditionally is not 'suitable' for them."

The hearing of the Mississippi Advisory Committee to the U.S. Commission on Civil Rights held early this year in Jackson further illustrated the dangers of this section. The hearings delved into the operation of Mississippi's public assistance, food stamp, commodity distribution and work experience programs. In general, the hearings supported the conclusion that the administration of such programs were discriminatory and arbitrary.

As far as the Work Experience Program under Title V of the Economic Opportunity Act, a parallel program to the one put forth under Section 204, the hearings showed that "it failed to provide on the job training and experience to the poor. Instead of increasing jobs for poor people, Work Experience was used to provide employment to workers from the Department of Public Welfare and to subsidize public agencies by offering a supply of free labor. The few private employers who participated used the program to increase janitorial and maid service, including work done in their own homes, without incurring any expense. Complaints were voiced by many Negroes that they were not receiving training in the jobs which they sought, such as nurses aides or dieticians, but were placed in menial positions. Moreover, when the program ended, most trainees were not employed, and those who were suffered a large wage decrease."

Mr. METCALF. I have a statement of Jo Eleanor Elliott, president of the American Nurses Association; a statement of Norman V. Lourie, first vice president of the American Public Welfare Association—again an expert, one of those men who knows about the impact of this amendment; one of those people who knows, that it was suggested that we should look to by the Senator from Louisiana—one from Mr. Charles B. Harding, president of the Arthritis Foundation, saying:

We are concerned about compulsory employment and training programs for children over the age of 16, unemployed fathers, and mothers with dependent children. The drastic switch of emphasis makes social security legislation and job training a recruitment program rather than a means of strengthening family life. We are certain it will allow coercive measures, will not rectify the consequences of generations of poverty and disease.

The Association of State Maternal and Child Health Directors, and Directors of Crippled Children's Programs, Dr. R. F. Rice, M.D., president, said:

Section 201 of the same title appears to place the States in a position of forcing mothers on AFDC to go to work. This could adversely affect the health and welfare of their children.

A representative of the Board of Directors of the Health and Welfare Council of Metropolitan St. Louis testified.

A former colleague of mine in the House of Representatives, who was then a delegate from the territory of Hawaii, and is now Governor of Hawaii, stated that this requirement would be detrimental to the AFDC mothers in his State.

Mr. President, I shall not take up the time of the Senate in reading all of these matters, but in order to make the record complete, and to demonstrate that this controversy is not at an end today, or will not end with the vote taken tomorrow, or by the agreement and approval of the conference report, but will go on as long as there is need for the mothers and children of America, I ask unanimous consent that excerpts from all of these statements and others on this subject be incorporated in the RECORD at this point.

There being no objection, the excerpts were ordered to be printed in the Record as follows:

STATEMENT OF JO ELEANOR ELLIOTT, PRESIDENT, AMERICAN NURSES' ASSOCIATION

We support in principle and regard as commendable the provision that States set up work training programs to help welfare recipients become employable and self-supporting. However, we believe that where AFDC mothers are involved, their participation in job training and employment should be on a voluntary basis, premised on counseling and evaluation of what is in the best interest of the child or children.

The provision for establishing day care centers and the work incentive features of earnings exemptions will encourage mothers with an employment potential who can safely leave their children, to voluntarily take training and employment.

STATEMENT OF NORMAN V. LOURIE, FIRST VICE PRESIDENT, AMERICAN PUBLIC WELFARE ASSOCIATION

Our second major objection is with reference to the element of compulsion for participation in job training and to accept employment. Every employable father who is receiving assistance should be required to participate in job training if available or to accept an offer of suitable employment. The situation with respect to the mothers, however, is quite different. We know that there are many working mothers who would be eligible to receive AFDC if they were not working. We know, too, that many mothers now receiving AFDC would go to work if they could find a job, and if arrangements could be made for the care of their children. In fact, there is a constant in-and-out of employment among AFDC mothers who take jobs when they can find them. In households headed by women, more than 12 percent of the AFDC case closings are because of employment or increased earnings. In addition, there is a significant number of mothers receiving AFDC assistance who are working part-time or full-time. Current figures apparently are not available, but in a special study conducted in 1961 HEW found that 4.6 percent of the AFDC mothers had full-time jobs, but with earnings too low to meet the AFDC family budget. Another 8.3 percent of the workers were holding part-time

jobs. There were wide variations among the states, with one state reporting that one-fourth of all AFDC mothers were working at full-time jobs. Some of these mothers have to pay for the care of their children at their own expense, which does not leave much net income from their meager earnings.

It is obvious that many more mothers would take employment if they had marketable skills, or if jobs were available, or if arrangements could be made for the care of their children.

The proposed requirement that the welfare agency develop a program for each adult in an AFDC family would serve to identify the potentialities of each individual, as well as the services and facilities that must be brought into play to make the individual's program effective. We are confident that a significant number of persons would voluntarily participate in a training program, and would be enabled to find and keep a job, if the services and facilities were made available to them as proposed in this legislation. We acknowledge that we do not know how large this number would be. Neither do we know in any exact sense how many "hard core" families there are, in which the mother would refuse to take employment even though it were considered appropriate, and if all necessary supportive services were brought into play. We do not know, because the welfare agencies have not so far had these resources and services to offer on a scale large enough to make them available to all who might benefit by them. But we regard provision for compulsory work or training for mothers as impractical and we have serious doubts that it would make any significant difference in the number of families who were enabled to become self-supporting.

It is our recommendation that the welfare agencies be given a chance to try out these new tools, with the recipient participating on a voluntary basis. If the results turn out to be unsatisfactory, the matter can be reviewed and reconsidered.

If the head of a family refuses to accept employment when, according to all reasonable tests, it is considered appropriate, the problem does not go away any quicker by cutting off assistance. If a father's share of assistance is cut out of the budget, he will probably continue to eat at the same table with the rest of the family, with everyone just getting a little less. Or he could desert the family, in which case they could continue receiving assistance. Or the children could be removed, if the court so ordered, at a greater cost than supporting them at home. The only chance for a constructive solution in a situation of this kind is through patient and perhaps time-consuming effort, to encourage and support and enable, and to instill some motivation.

Under the terms of the bill, if an assistance recipient is deemed by the welfare agency to be "appropriate" for training or employment, and refuses to participate in training or to accept a bona fide offer of employment, his assistance would be terminated. Apparently a good deal of latitude for subjective judgment would be permitted in making a determination that employment is appropriate for an individual with the potential consequence of termination of assistance. This is in contrast with the other eligibility provisions for public assistance, which set forth the objective conditions in some detail. We are fearful that this provision could be subject to wide variations in interpretation that could be in conflict with the stated purpose of maintaining and strengthening family life. In the event that Congress should decide to enact this provision we recommend that the Secretary of HEW be directed to formulate guidelines for its interpretation and application. Such guidelines should be designed to protect the rights and best interests of

families and children. They should spell out what constitutes refusal of employment for good cause and what measures should be taken to safeguard the children in such situations.

CHARLES B. HARDING, PRESIDENT, ARTHRITIS FOUNDATION, NEW YORK CHAPTER

We are further concerned about compulsory employment and training programs for children over age 16, unemployed fathers, and mothers with dependent children. The drastic switch of emphasis of H.R. 12080 makes the Social Security legislation a compulsory job training and employment recruitment program rather than a means of strengthening family life. We are certain that you are aware that coercive measures will not rectify the consequences of generations of injustice, poverty and disease.

R. G. RICE, M.D., PRESIDENT, ASSOCIATION OF STATE MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S DIRECTORS

STATE OF MICHIGAN,
DEPARTMENT OF PUBLIC HEALTH,
Lansing, Mich., September 8, 1967.

Mr. TOM VAIL,
Chief Counsel, Committee on Finance,
U.S. Senate, New Senate Building,
Washington, D.C.:

Section 201 of the same title appears to place the states in a position of forcing mothers on AFDC to go to work. This could adversely affect the health and welfare of their children.

STATEMENT OF BOARD OF DIRECTORS, HEALTH & WELFARE COUNCIL OF METROPOLITAN ST. LOUIS

HEALTH & WELFARE COUNCIL
OF METROPOLITAN ST. LOUIS, INC.,
St. Louis, Mo., September 26, 1967.

Hon. RUSSELL LONG,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR SENATOR LONG: The enclosed statement on H.R. 12080 was unanimously approved by the Board of Directors of the Health and Welfare Council of Metropolitan St. Louis. The Health and Welfare Council is a voluntary organization of 200 health, welfare and recreation agencies in the St. Louis area.

We respectfully request that you and your committee take into consideration the views expressed in the enclosed statement.

Sincerely yours,

RICHARD S. JONES, President.

STATEMENT ON H.R. 12080

There are however other provisions in this bill which give us deep concern and we are opposed to their inclusion in the bill in their present form. These are:

The compulsory nature of the community work and training program requiring that an AFDC mother or other adult or child over 16 years of age must engage in work and training (unless specifically exempted) as a condition of receiving assistance.—Employment and training programs are important resources for public assistance recipients. Their value is however diminished when they are made a condition of assistance. This provision will be expensive to administer and will further drain off already scarce social work personnel into inappropriate roles.

REPLY FROM GOV. JOHN A. BURNS, HAWAII—
SPECIAL NOTICE FROM NATIONAL GOVERNORS' CONFERENCE REGARDING SOCIAL SECURITY AMENDMENTS OF 1967 (H.R. 12080)

4. Should the requirement for work training programs for mothers receiving AFDC payments include only mothers requesting the training, mothers of children over 6 years of age, or all AFDC mothers as the bill proposes?

The requirement for work training programs should not be imposed on all AFDC

mothers. Participation in such programs should be determined by the individual home situation and the needs of the family. Arbitrary criteria such as "only mothers requesting the training" or "mothers of children over 6 years of age" are not practical. A mother with a handicapped child over 6 or a large family may be vitally needed in the home to provide adequate care and supervision for her children.

LETTER SUBMITTED BY SENATOR HICKENLOOPER FROM CENTRAL IOWA CHAPTER, NATIONAL ASSOCIATION OF SOCIAL WORKERS

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC., CENTRAL IOWA CHAPTER,
Des Moines, Iowa, September 6, 1967.

Hon. BOURKE HICKENLOOPER,
U.S. Senate,
Washington, D.C.

2. Participation in work training and day center use.

a. Both work training and use of day centers to care for ADC children are generally constructive programs for both ADC beneficiaries and society, however, such benefits would arise only from proper application to individual families and not from mass application to all beneficiaries. In many instances the best interests of children and society depend on the mother remaining at home caring for the children. It should be clearly stated in the law that in such instances refusal to accept training or employment should constitute "good cause" to refuse such training or work.

b. The legislation passed by the House would incorporate administrative responsibility in the law and thus impair our tripartite government as well as the programs legislated.

Mrs. ELEANOR W. CARRIS, ACSW,
Chairman.

ALICE WHIFFLE, ACSW.
RUDOLPH P. BEERMAN, ACSW.

STATEMENT OF Hon. ELMER L. ANDERSON, PRESIDENT, CHILD WELFARE LEAGUE OF AMERICA

We wish to address ourselves to the child welfare and public assistance amendments of title II of H.R. 12080 as they would affect the lives of untold numbers of children in this country. We do not believe that these provisions are in the true tradition of the U.S. Congress which has, over the past decades, expressed its concern for the health and welfare of all the Nation's children.

Although title II of H.R. 12080 presents the illusion of helping children, upon close analysis, it is in fact coercive, punitive, and creates discriminatory conditions hostile to the welfare of children and the promotion of sound family life. Even the positive features of the bill when viewed within the total context of the programs proposed, become negative and hostile to the well-being of children. A bill such as this could only have come from the House of Representatives because those esteemed Members did not fully understand the regressive proposals in this legislation and how they would ultimately harm the lives of millions of our children.

PUBLIC ASSISTANCE AMENDMENTS, PART 1, TITLE II, H.R. 12080

Our first objection to Title II of H.R. 12080 is that, in part, it relies on compulsion and coercion to achieve its end. It is excellent to provide job training and increased employment opportunities which the bill seeks. But we deplore the effort to force people to accept job training or employment with the threat of cutting off food for their children if they refuse. Such efforts are self-defeating.

This is particularly true in light of the fact that H.R. 12080 greatly enlarges the areas where the subjective judgments of welfare workers would determine whether a family receives assistance, for it will be the individual welfare workers who will determine

whether a mother has a "good cause" in preferring to stay at home to care for her children, or whether employment is "suitable." We believe that it is a critical error to increase the areas where the subjective judgment of welfare workers is substituted for objective eligibility criteria. We assume that the Department of Health, Education, and Welfare will write sound guides as to what constitutes "good cause" for refusing to accept training or employment, or for defining what constitutes "appropriate" training and employment. However, we know from past experience that well-meaning regulations emanating from Washington frequently provide little real protection for the individual. The subjective judgment of thousands of individual welfare workers influenced by local attitudes and prejudices, frequently results in arbitrary unjust decisions from which appeal is long and costly and often impossible. Such circumstances severely endanger the rights of people, destroy their dignity, and make the individual subject to critical abuses of authority and discretion that, before they are corrected, can result in severe privation for children.

Emphasis upon investigations, searches, and referrals to courts produce a climate in which constitutional rights are endangered and welfare workers are alienated from people they are supposed to serve. It is extremely difficult, if not impossible, to offer rehabilitative service to help the families who must constantly be in fear of the worker who is serving them.

The Ways and Means Committee Report states that children will not be punished for the failure of a mother to work although she may be cut off assistance. This too is an illusion. If a mother, for example, is cut off relief because she sincerely believes she should care for her children and "protective payments" are then made only to meet the children's needs, that mother will either share the children's portion of potatoes or will starve. Either of these alternatives would, in fact, punish the child, despite the Committee's good intentions.

STATEMENT BY DR. TRUDE W. LASH, EXECUTIVE DIRECTOR, CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK

COMMUNITY WORK AND TRAINING PROGRAMS
(SECTION 204)

We have long urged that AFDC mothers be given the choice of caring for their children themselves or working either part-time or full-time while being provided with group day care, family day care, or homemaker services. It is also appropriate that AFDC mothers be allowed financial incentive to work through earning exemptions until they become self-supporting (Sect. 202), though we support the Administration proposals for higher exemptions. But to compel mothers to work is the surest way of destroying whatever family ties may exist. It would break up the home of young children—as a matter of public policy.

The most destructive aspect of this work-training proposal, however, is the fact that it would drive women into the work force while the men remain untrained and unemployed. Unwilling to face the humiliation of not being the "provider" and thereby the acknowledged head of the household, they leave home, particularly in those states where their presence might threaten AFDC payments for their children. Doing further damage to the status of the male will not strengthen family life.

It would be a safe guess that the majority of fathers have not worked 6 out of the last 13 quarters, that few have more than a casual relationship to work and are therefore excluded from the AFDC program. Chief among the reasons for this situation is lack of education and training—due to lack of opportunity. The job market for untrained worker is tight. The urban ghettos are full of healthy, untrained and unemployed males who want

to work. Thousands line up every time a city job-opening is announced.

When the summer Neighborhood Youth Corps in New York ended this program recently, over 23,000 out-of-school youths were thrown on the streets, and many in these groups are the absent fathers of AFDC children.

"Increased efforts to enforce the laws against desertion and non-support," will not only be costly but will result in driving unemployed fathers further underground and further away from sources of training and work.

Only a major new training and job program that give absolute priority to the unemployed male can provide a solution.

Such a community work and training program should not be forced upon the states as a welfare measure. If we equate trainees with welfare recipients we isolate them further from their fellow-citizens. Work and training programs must be comprehensive and unstigmatized.

It will be some time before a truly effective training and job program can be developed—and the jobs must be found first. The MDTA program, the OEO manpower program, the Nelson-Scheuer programs are still in the trial and error stage—all of them struggling to define training programs for jobs that have a way of eluding their graduates. The new proposals would mandate another layer and simply add to the confusion and duplication.

The Administration recommended, quite appropriately, that community work and training be transferred to the Department of Labor so that resources can be coordinated and training and jobs provided speedily and effectively.

It should be added here that even if jobs were available for all those mothers who want to work, they would not now be able to find the day care or family day care services they would need for their children in order to be able to go to work. The cost of these programs is only one factor; the shortage of trained staff is another; but the lack of space in crowded ghetto areas may be the biggest obstacle of all. In New York City after 20 years of effort, only 7,000 children can be accommodated in our Day Care Centers and the same number of children are usually to be found on waiting lists.

With adequate financing and mobilization of all the creative genius and innovation at our command, it may be possible to develop an effective day care program, but not tomorrow or next year.

LETTER TO LONG FROM IRVING KANE, CHAIRMAN, PUBLIC WELFARE COMMITTEE, WELFARE FEDERATION, CLEVELAND, OHIO

THE WELFARE FEDERATION,
Cleveland, Ohio, August 31, 1967.

Hon. RUSSELL LONG,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.:

Our Cleveland experience with work-training under Title V of the Economic Opportunity Act has confirmed these points.

We support the general principle in the bill that women who are physically able should have the opportunity to work, and believe it is unwise to encourage these women to stay home. At the same time safeguards must be provided other than the existing appeal procedure to prevent compulsion on those mothers who choose to remain at home because they regard the rearing of their children under close parental guidance and supervision as their primary responsibility.

PREPARED STATEMENT OF COUNCIL FOR CHRISTIAN SOCIAL ACTION, UNITED CHURCH OF CHRIST

We are, however, profoundly disturbed by some of the provisions in the public assist-

ance sections of the proposed bill, Title II of H.R. 12080, as passed by the House.

For example, the requirement that the states set up *work training programs for unemployed parents and for children over 16* who get welfare assistance may be unexceptionable in itself. However, if participation in such programs is to be made *mandatory* on the part of all families receiving Aid to Families with Dependent Children, the way would be open to grave injustices.

We—and, we trust, your Committee—will also insist on satisfactory answers to a host of questions that must trouble anyone who reads this bill.

Are all children over 16 who get welfare assistance going to be required to engage in work training? Who is going to set up the standards and oversee the work? Is the work going to be of the kind and quality that contribute to the child's future usefulness? Are considerations of health, progress in school, and the total home situation to be disregarded? Who will determine exceptions, on what basis, and what appeal is there from an adverse decision?

Are all mothers to be required to participate in such programs, regardless of the needs and demands of their own children? What assurance is there that day care programs will be available? What standards governing day care centers for children in such families will be established, and by whom? Are we really prepared to *force* the poor mother to leave her children in another's care, regardless of her preferences—when society heretofore *criticized* the woman who left her children to take a job?

PREPARED STATEMENT OF MYRON L. MAYER ON BEHALF OF THE COUNCIL OF JEWISH FEDERATIONS AND WELFARE FUNDS, FEDERATION OF JEWISH PHILANTHROPIES OF NEW YORK

All too often there is an assumption that most people who require public assistance should, and can, be removed from its rolls, and the corollary, that being in need of such aid is itself a sign of individual failure. The fact is that the vast majority of those who are in need of aid are too young, too sick or too old to work. And these conditions require aid—aid administered with dignity and a full understanding of the conditions of the individual.

Such people require skilled social services to achieve their maximum potentialities for useful lives—as do those others—a small minority—who are employable but who need aid in qualifying for, finding, and holding jobs.

We welcome the increased Federal matching of 75-percent with the States' 25-percent for services to children on the Aid to Families with Dependent Children program. We feel that such Federal assistance should be available for comprehensive child welfare programs, so that services may be available for all children who need them, including those not on AFDC.

But, we are very concerned because H.R. 12080 requires that all adults on the rolls, including mothers and youths over 16 who are out of school, work or engage in a work training program (unless specifically exempted) as a condition of receiving assistance. We believe that skilled counseling services—as currently provided in the Act, and now expanded by increased Federal financial assistance—are required to enable those parents to work who can do so—and whose best interests, and those of their families would be served by working—if they can find jobs.

Many mothers will provide greater benefits to their children by acting as full-time mothers rather than being pushed into involuntary employment.

LETTER TO SECRETARY JOHN W. GARDNER FROM HON. KENNETH M. CURTIS, GOVERNOR OF MAINE

STATE OF MAINE,
Augusta, Maine, September 20, 1967.
Hon. JOHN W. GARDNER,
Secretary, Health, Education and Welfare,
Washington, D.C.:

It is the view of Maine officials that the provisions contained in Section 201 of H.R. 12080 are both unduly proscriptive and would force unproductive and meaningless procedures. The element of compulsion puts government in the very delicate position of deciding which mothers will work and which ones will not. That this provision is subject to great abuse should be obvious. More importantly, perhaps, in Maine a substantial percentage of the AFDC recipient group are on the program for relatively short periods and except for brief intervals are basically self-supporting families. Forcing us to spend time doing things for these people which they are perfectly capable of doing for themselves is an inefficient allocation of money and energy. I give my whole-hearted support to increased incentive to work with those welfare recipients who do need training and guidance to assist them to become self-supporting; however, to make this mandatory may well be self-defeating.

LETTER TO SECRETARY GARDNER FROM HON. ROBERT DOCKING, GOVERNOR OF KANSAS

4. Question: Should the requirement for work training programs for mothers receiving AFDC payments include only mothers requesting the training, mothers of children over 6 years of age, or all AFDC mothers as the bill proposes?

Answer: Mothers on AFDC should have the same freedom of choice that other mothers have. If an AFDC mother wishes to be in a training program then she should have that opportunity. It should not be forced upon her. Some mothers should stay home and take care of children, other mothers should work. The difference between the two will have to be decided on an individual basis.

The training programs will serve a useful function in direct relation to the interest and motivation they stimulate in the mother on AFDC.

DR. MARTHA M. ELIOT, CHAIRMAN, MASSACHUSETTS COMMITTEE ON CHILDREN AND YOUTH

Dr. ELIOT. In respect to the provision of getting more of the mothers of AFDC children to work, I would say that the way in which these provisions are administered is most important. To me, many of these mothers should not go to work. It would be better if they stayed at home and looked after their families. Some mothers may wish to go to work, especially when their children are older, and the situation in the home makes it possible for her to go to work and add to the family income.

To include provisions that would essentially expect the States to force many mothers to go to work seems ill advised. I do not believe that all these mothers should go to work. But many, I think, could, provided the conditions in the home are shown to be satisfactory.

If adequate social services are provided to these families on AFDC, and if these social workers take into consideration all the problems of the children in the families before the mother is urged to go to work, I believe some of the mothers could satisfactorily do it. Actually, I doubt whether there is a very large proportion of the mothers under AFDC who would be—for whom it would be appropriate that they should go to work.

EPISCOPAL ACTION GROUP ON POVERTY
(Submitted by Inabel Lindsay, Ch., Social Goals Subcommittee)

The amendments to Title II of the Social Security Act pertaining to Public Assistance programs as proposed in H.R. 12080 are particularly harsh, punitive and coercive. The concerns of the House that earlier identified goals have not been achieved are justified. The public assistance programs were designed to provide basic financial support for the needy coupled with services to encourage self-support and self-dependence to the extent possible. Failure to achieve these objectives has not been the fault of operating personnel but rather has been due to grants too low to support even a minimum of health and decency; the methods of delivering services have increased feelings of worthlessness and despair and, if anything, have intensified dependency; and the complex administrative structure in most programs has prevented the investment of the time and skill essential to the provision of constructive help. Notwithstanding these deficiencies, the proposed amendments will do nothing to remedy the situation. On the contrary, these amendments will undoubtedly increase the problems, frustrations and unmet needs of those eligible for public assistance.

The most drastic and punitive changes proposed are those affecting children dependent upon or eligible for Aid to Families with Dependent Children. In the attempt to legislate morality, H.R. 12080 imposes a work or work training requirement upon all adults on the assistance rolls, including mothers and youth over 16, not in school as a condition for the receipt of assistance, unless specifically exempted. (No definition of conditions of exemption is provided).

STATEMENT OF FAMILY AND CHILD SERVICES OF WASHINGTON, D.C., SUBMITTED BY MRS. DEFOREST VANSLYCK, PRESIDENT

Family and Child Services, on the basis of its 85 years experience as the largest voluntary family counseling and child welfare agency in Washington, D.C., is deeply concerned with what it believes to be several regressive, unsound, and harmful provisions of the proposed amendments to the Social Security Act.

We wish to submit for the record our general endorsement of the testimony of the Child Welfare League of America as presented by its President, Elmer Anderson, on September 18, as well as the statement of the Health and Welfare Council of the National Capital Area, and urge the Committee to consider very carefully the full implications in particular of Title II—The Child Welfare and Public Assistance Amendments.

We are especially concerned with the two major new restrictions affecting children dependent upon or eligible for public assistance under the AFDC program. In our view these proposals constitute a fundamental reversal of accepted principles of public policy.

Family and Child Services shares the legitimate concern of Congress with the disturbing increases in numbers of families needing this type of assistance and also in numbers of deserting parents and illegitimate births. On the other hand, the experience of our agency persuades us that such arbitrary and punitive restrictions as compulsory work or training requirements and a ceiling on the number of families eligible for federal assistance, irrespective of need, are not only inhumane but self-defeating and would not help to rehabilitate families and remove the causes of dependency.

The need for greatly expanded day care programs to permit parents, where appropriate, to seek employment is obvious. We have long supported this. But to require that all adults and older children have jobs in order to qualify for federal assistance ignores in our experience the fundamental import-

ance of a mother's role, for example, in caring for and training young children and in maintaining stable and independent family units.

We urge the Committee to reject these two provisions.

LETTER TO LONG FROM WILLIAM R. COOPER II, PRESIDENT OF BOARD, FAMILY SERVICE OF MONTGOMERY COUNTY, PA., SEPTEMBER 25, 1967

On the Amendment about work and training for all mothers and out of school youth over 16, we feel it would be far more practical if job opportunities were offered, not forced. Some mothers are not capable of doing two things at once and would break emotionally. It does not allow for individual differences. An overall must is dangerous, for example, if a child is disturbed and the mother has to take him out of the home, this makes the problem worse and your future citizens misfits who cannot contribute constructively to society when they grow to adulthood.

WILLIAM R. COOPER II,
President of the Board.

**NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.,
Flint, Mich., September 20, 1967.**

Hon. Senator RUSSELL B. LONG,
*Chairman, Senate Finance Committee,
U.S. Senate,
Washington, D.C.*

DEAR SENATOR LONG: The Flint Chapter of the National Association of Social Workers representing more than 80 workers of Genesee, Lapeer and Shiawassee counties wishes to engage your support and concern in the revision of the coercive and restrictive provisions of H.R. 12080 as it was recently passed in the House and now stands before the Senate Finance Committee.

In support of needed revisions, we enclose a brief position statement thereon, as prepared by our Committee on Social Policy and Action. This represents our analysis of the bill and its implications, as it now stands for Public Welfare in our three counties.

We hope that you are supporting this bill but we urge you to consider the changes we think are vital to the people of the State of Michigan.

Respectfully yours,
MURRAY M. EISEN, ACSW, *President.*

FLINT, MICH., CHAPTER OF NATIONAL ASSOCIATION OF SOCIAL WORK POSITION STATEMENT ON H.R. 12080

Translated into action on the local level, H.R. 12080 would, in effect, reverse the service emphasis of the 1962 Amendments. If, in effect, the purpose of its restrictive provisions is to reduce the welfare burden, then it is a self-defeating bill, with built-in provisions for failure. Coercion through reduction of assistance has been proven time and again to be ineffective as a method of rehabilitating family strength. The skilled social worker whose efforts must be devoted to policing eligibility requirements is rendered totally ineffective as an agent of rehabilitation.

The segment of population most affected by these punitive provisions, would be that portion of our society already suffering from severe deprivation.

This Chapter does recognize the importance of the expansion of the community work and training provisions of the bill with its many good features. We do urge, however, that the proposal of the Administration, transferring this program to the Department of Labor, be supported to effect better operations and the development of public service employment programs. We must, however, urge that the basic right of a mother to stay at home to rear her children, be preserved. The mental health of future generations of citizens dictates that children have basic

needs for care given by their natural parents in their own homes. A mother of several children cannot provide a full time mothering after an eight hour day. Foster care and day care costs are so expensive as to effectively reverse the economic gains of the employed mother.

GOVERNOR'S COMMITTEE ON LAW ENFORCEMENT AND ADMINISTRATION OF JUSTICE, SUBCOMMITTEE ON JUVENILE DELINQUENCY, STATE OF MASSACHUSETTS

(By Robert M. Mulford, Chairman)

THE COMMONWEALTH OF MASSACHUSETTS,
DEPARTMENT OF ATTORNEY GENERAL,
Boston, September 18, 1967.

Senator RUSSELL B. LONG,
Chairman, Senate Finance Committee, U.S. Senate, Senate Office Building, Washington, D.C.:

There is abundant evidence that when children are subjected to deprivation of maternal care, impairments of character development often occur.

Extensive provision should be made, in our opinion, for day care services for pre-school children and after-school care for school-age children of mothers who work and for whom this seems to be the best plan and for mothers who are seeking work or who for other reasons require day-time care for their children. However, safeguards should be provided so that no pressure is put upon mothers to leave their children in order to go to work.

SUBMITTED BY HIRAM L. FONG, U.S. SENATOR—HAWAII'S COMMENTS ON H.R. 12080—FROM JOHN A. BURNS

We recommend that the requirement that all AFDC mothers participate in work and training programs be eliminated. Participation in such programs should be determined by the individual home situation and the need of the family.

HEALTH AND WELFARE COUNCIL OF NASSAU COUNTY, INC., GARDEN CITY, N.Y.

(Submitted by Board of Directors, John A. Gambling, President)

Undesirable provisions in Title II include:

1. Freezing at the January 1967 level the number of children in each state eligible for AFDC funds regardless of the number of children requiring such funds;
2. Forcing mothers of AFDC families to accept training or employment away from home even when they are the only adult family member, by threatening them with such penalties as removal from AFDC rolls and the possibility of court ordered removal of their children from their homes.

STATEMENT OF GLENN E. WATTS, PRESIDENT OF HEALTH AND WELFARE COUNCIL OF THE NATIONAL CAPITAL AREA

B. FAMILY EMPLOYMENT

Three negative and restrictive provisions of the House bill give us the deepest concern, and we urge most strenuously that the Senate reject these provisions.

We believe that there needs to be considerable strengthening of programs which can help to rehabilitate families, so that fewer persons need public assistance payments, and those who require aid will need it for a shorter time. More day care is needed, and the House bill would further such programs. We are in agreement with the goals of family independence and self-support expressed in the report of the Ways and Means Committee. We do not believe, however, that the goal of reduced public assistance payments can be achieved by restrictive programs without serious suffering inflicted on individuals, and ultimately the community will pay in some other form.

The House bill would require that each appropriate AFDC adult and older child not

attending school be equipped for work and placed in jobs. We oppose this requirement because it is based upon an unsound philosophy. With respect to children, we believe that maximum effort should be made to assist older youths to complete their education. There are Federal programs which lead to this aim. The requirement that they work is contradictory to what we believe is sound public policy.

With respect to mothers of children on AFDC, some may wish to work, and can do so with no damage to the family when adequate child care plans can be made. It is not sound, however, to make work a requirement for mothers in order to receive assistance for their children.

LETTER FROM GOVERNOR HUGHES TO SENATOR LONG, SEPTEMBER 20, 1967

I also strongly oppose, as unsound economy, the provisions of the bill relating to required work training programs for mothers receiving AFDC payments. The original philosophy behind the bill was that society and children would benefit from maintaining the family unit. This basic philosophy is still valid. The savings that can be made now through these provisions will prove extremely costly as these children grow into adulthood without the additional parental guidance which the nonworking mother could provide.

There should, in my opinion, be no blanket requirement that all AFDC mothers undergo work training, nor should mothers be arbitrarily required to go to work. The policy adopted should be based on the approach that a mother would be required to accept training and employment only when it is established that—

1. The age of the children, the circumstances of the family, or other factors do not require her continued presence in the home.
2. She is mentally and educationally capable of assimilating the training.
3. A job of the type for which she has been trained is reasonably available in the community or nearby.
4. The mother's acceptance of work training will serve to promote the family unit and increase the value of the over-all home experience.

STATEMENT OF HON. JACOB K. JAVITS, U.S. SENATOR

First, I must strongly oppose the compulsory work and training aspects of the bill. We have the virtually unanimous testimony of the experts that such coercion has not worked in the past. We have our own commonsense to tell us that forced work cannot instill motivation, but instead is likely to increase hostility and resentment. People will learn and earn successfully only if they have some desire to do so, and where they do not have that desire the result will be sporadic attendance and poor performance. Moreover, this coercive work and training approach is based on a false assumption about the characteristics of those who are receiving welfare. In fact, only 1 percent of those on the welfare rolls are potentially employable men, although in some places that figure is slightly higher; for example, in New York City it is 4 percent.

It is true that the public assistance rolls also include many potentially employable mothers who are now engaged in taking care of their children. I am not one of those who thinks that these mothers must invariably be left at home with the family; rather, these mothers on welfare should be given the same opportunity enjoyed by middle- and upper-income mothers to accept employments. But the choice should be voluntary—it should be theirs to make, and should not be vested in some supposedly omniscient state or local bureaucracy. I have introduced legislation which seeks to give these welfare mothers such a free choice by providing Federal

assistance for day-care facilities, and I hope that the committee will take the structure and philosophy of my bill (S. 1948) into consideration in designing any day-care program under this act.

I fear that the compulsory work and training provisions also dangerously misread the climate in the ghettos and the depressed rural areas of this country. We are in the midst of a "revolution" in which the poor of the Nation, so long denied equal opportunity, are awakening to their rights and powers and are gaining in new self-confidence of self-assertion. The philosophy of the House bill runs exactly counter to that development and can only serve to exacerbate tensions and to further convince slum dwellers that the "power structure" will never respond to their legitimate needs.

And certainly this bill does not recognize the simple fact that many of the poor do wish to work and need no external coercion: a Department of Labor survey taken in the slums of New York shows that over 75 percent of the unemployed would be willing to take training to get a job, that over 55 percent would return to school if necessary, and that 25 percent would be willing to move to another area to get work. Rather than compelling welfare recipients to enter work or training, the better course would seem to be to greatly expand the opportunities for work and training and the knowledge about such opportunities. We can hardly be justified in moving toward a compulsory system when we have not given voluntarism a chance.

In this connection I would like to commend to the attention of the members of the committee the Emergency Employment Act of 1967, which has been approved by the Committee on Labor and Public Welfare and which will be called up on the Senate floor within a very few days. This bill would make some 200,000 job opportunities available for the poor. Job creation activities such as these must be at the heart of any effort to cut down on the size of the welfare rolls.

JEWISH FEDERATION OF METROPOLITAN CHICAGO, A. D. DAVIS, PRESIDENT

JEWISH FEDERATION OF METROPOLITAN CHICAGO, Chicago, Ill., September 11, 1967.

Hon. RUSSELL B. LONG, U.S. Senate, Senate Office Building, Washington, D.C.

The provisions pertaining to registration for work and acceptance of employment by relatives (including mothers) of children receiving aid to needy families with dependent children are unnecessary and could lead to the compulsory employment of many mothers, under fear of denial of assistance, and contrary to the welfare of their children. At the present time, mothers who are able to work under arrangements not harmful to their children are encouraged to do so, and there is no need for compulsory legislation in this regard.

STATEMENT OF HON. EDWARD M. KENNEDY, U.S. SENATOR

Secondly, work training. I think it would be truly an archaic law which required all mothers to accept work or training, as a prerequisite to receiving welfare benefits. I think these should be an optional policy. It could be some kind of flexible policy. I am not prepared today to make detailed comments on how it should be established and regulated. I know you have Mr. Mitchell Ginsberg here and others from other welfare departments who will comment in detail, and perhaps then we can work out some kind of discretionary provision for welfare departments, so this is not mandatory. I think it would be helpful to have some kind of discretion in the welfare department, so they could take into consideration extenuating circumstances on these provisions.

STATEMENT OF HON. ROBERT F. KENNEDY, U.S. SENATOR

About a year ago, the distinguished members of the President's Advisory Council on Public Welfare reported that welfare is "desperately handicapped" in both "legislative mandate and * * * financial resources." The Council prescribed "a major updating of our welfare system."

The House bill which is before you today not only fails to heed the Council's prescription, but is in my judgment, a major step in the other direction.

I can well understand what motivated the other body in its action. It was concerned that the welfare system as it exists today has failed to enable its recipients to obtain jobs and end their dependency. I share that concern. It was concerned at the recent rise in the number of children and mothers on aid to dependent children. I share that concern. It, therefore, sought to create a system which would train children and mothers on welfare, provide day care, and establish incentives to work. I, too, believe such a system is needed.

Indeed, I believe that we will never succeed in restoring dignity and promise to the lives of people whose frustration exploded into violence in the cities this summer until we develop a system which provides jobs—enough jobs and good jobs.

For the people of the inner city live today with an unemployment rate far worse than the rest of the Nation knew during the depths of the great depression. In the typical big city ghetto, only two out of five adult men have jobs which pay \$60 a week or more—enough for each member of a family of four to eat 70 cents worth of food a day. Only half the adult men have full-time jobs at any rate of pay. Less than three out of five have any work at all.

I have suggested that we need an immediate impact project designed to put men to work and to restore some sense of hope to the young and the unemployed residents of the city slum. We should begin immediate programs of needed public tasks and works—providing jobs to build schools and roads, to restore parks and erect clinics, and to staff the schools and clinics and neighborhood centers when they are built. Our communities need these jobs done and the men of the ghetto need jobs. By matching the two we can return hope while meeting the most urgent needs of the Nation.

We must, then, work out a system to provide jobs. But, I do not believe that the approach adopted in the House bill will provide these jobs. The fact is, as the alarming unemployment and underemployment figures I have mentioned indicate, that there are not enough jobs available at the moment. We must find them, but in the meantime, it will not do to force people into training programs for jobs that are simply not there. That will only increase the pent-up frustration which has already exploded too often in the past. In the meantime, also, we must not continue to place a premium on broken homes as the condition for obtaining public assistance. And, we must not end up by venting our own frustration in a measure punishing the poor because they are there and we have not been able to do anything about them. They will still be there when we are done. It is not as though people choose to be poor, to need welfare assistance.

Consider, for example, that we have a school system in our slums which is plainly unsatisfactory. Of a quarter of a million Puerto Rican schoolchildren in New York City, only 37 went on to college last year. If young men are unskilled and unprepared for employment, then the schools which left them so heavy a burden bear a heavy share of the responsibility.

Nor, of course, is the problem merely in the schools. For the rest of ghetto life also

there are statistics: 43 percent of the housing substandard and overcrowded; 14,000 people treated for rat bites every year; infant mortality at twice the normal rate; and, because of inadequate diets and medical care, mental retardation at seven times the community level.

These are matters we must look to. For these problems welfare is neither the cause nor the remedy. But, welfare has its job—helping those in need—and the bill before you will hinder it in doing that job. Indeed, instead of helping at all, it almost appears intended to punish the poor. And punish it will, particularly in areas of the country where welfare authorities have done their best to demean and degrade the recipient of welfare even under existing law.

Second, the coercive provisions on community work and training fit into this pattern. The objective of enabling welfare recipients to obtain productive employment is, of course, laudable; indeed, as I have indicated, I believe it is the only hope we have for avoiding the deep division in our society which is the creation of a permanent class of welfare poor. But, attempting to bring about employment by compulsion is not the way to do this. There are many mothers who should not work. Some, particularly in progressive States and cities, will be excused from working. But, in other States with less enlightened welfare programs, many will either be driven off the welfare rolls or will be discouraged from applying, and they will still be poor—Mr. Chairman, a little more invisible, for the time being, than they are now, but no less poor, and no less miserable.

There is more than one State in this country which, even under existing law, has had what has come to be known as the "employable mother" rule. Under this rule, if the welfare officials judge the mother to be employable, she is stricken from the rolls. Coincidentally, these rulings tend to be made at the time of the year when people are needed to pick crops at \$3 a day. This rule is being challenged in litigation, but the provisions of the House bill on compulsive work and training imply that from now on the "employable mother" rule would be sanctioned by a national policy.

We in the Senate must go on record as opposing this almshouse approach. We must go also on record, it seems to me, as forcefully as we can that this is not the direction which we want welfare to take. We must not allow this backward step. What I would recommend, therefore, is that the Senate use H.R. 5710, President Johnson's original set of welfare recommendations, as its working bill. That bill's recommendations were limited, to be sure, but they were at least not regressive. The expanded training and day care provisions which the House adopted can then be included but without the meat-ax compulsions which the House bill attached to them.

STATEMENT OF HON. JOHN V. LINDSAY, MAYOR OF NEW YORK

We are doing everything possible to find the absent fathers of illegitimate children and require them to contribute to the youngsters' support.

We have begun an experiment with an economic incentive to allow welfare recipients to keep the first \$85 a month they earn, plus 30 percent of any additional income. This form of economic incentive may be the most effective way to reduce welfare expenditure and encourage independence.

We are providing supplemental assistance to families in which the breadwinner is fully employed but does not earn enough to support his family. With no Federal assistance, the city and the state together are supplementing the income of 13,000 heads-of-families, who in turn support 65,000 individuals. We make up the difference between what the breadwinner earns and what the minimum welfare allowance would be for such a family

if the adult were unemployed. It costs us \$90 million a year.

But if these programs are to work—any of them—they cannot be forced upon the clients. We can provide day care facilities—but we cannot force a mother to turn her children over to them. We can develop employment opportunities—but we cannot force a person to take the job and expect a satisfactory employee; in all likelihood an unwilling worker will be fired. We can offer family planning advice—but we cannot—and should not—force a woman to accept it.

Although the belief is common that the welfare rolls are burgeoned with the lazy, the shiftless, able-bodied men and women who should be working rather than loafing along on relief checks, the facts do not substantiate the stereotype:

In a spot review of the 600,000 persons who were receiving public assistance in New York City at the end of last year, we found:

Seventy-nine percent were children and adults caring for children. The approximate breakdown was 98,500 mothers and 300,000 children.

Fifteen percent were aged, sick or disabled and wholly unable to support themselves.

Two percent consisted of families with an employed male with an earned income so low that he could not support his family at a subsistence level.

Four percent were potentially employable persons unable to obtain a job because of inadequate skills or training.

Of this last four percent, or 24,000 men who are technically considered employable, only 2,600 have enough occupational ability to move into employment without considerable training and rehabilitation.

About 43 percent of the 24,000 technically employable men are considered ready for training or remedial education and are either involved in or are awaiting assignment to such programs. The remaining 44 percent of that small percent who are technically employable are so disabled as to require massive counseling, rehabilitation, health services, close guidance and long-term follow-through.

I might note that this basic and enormously difficult task—finding jobs for those who cannot now qualify for jobs—is the principal aim of the National Urban Coalition I and other mayors are organizing. It has become frustratingly clear to me as mayor that the public sector cannot marshal the resources—in money and in brains—to move against the problem. But the private sector, which has given a nation the world's highest living standard and yet has not been brought into the fight against poverty, can get results far exceeding governmental abilities.

If the commercial and industrial giants of this country will undertake a total effort to provide training and employment for the poor, I think we can make our present efforts look almost puny. The institution of that commitment is underway, and we in the cities have high hopes that it can succeed where we have so consistently failed.

The concern for the nation's public assistance program that is expressed in H.R. 12080 is a concern we all share. The Congress, the taxpayers, the social work profession and the poor themselves have witnessed the weaknesses of the program over the past 30 years.

The public assistance program was designed to provide basic financial support for the destitute, as well as services to encourage self-support where possible. On both counts, it has clearly not succeeded:

Support payments in most states are too low to sustain even a minimal, decent standard of living.

The method by which these payments are delivered encourages feelings of worthlessness that lock recipients into dependency.

And the complex administrative structure prevents an investment in the time and skill required to offer constructive help.

It has been demonstrated amply over the years, we think, that more investigations of eligibility are not the answer, that forced work is not the answer, that removing children from their homes is not the answer, that denying Federal assistance to intact families is not the answer, that arbitrary caseload ceilings are not the answer, that increasing the stigma of welfare is not the answer, that welding services and income maintenance is not the answer.

The nation has 30 years of experience with these devices and the results are plain. They have not succeeded in controlling the caseload and they have not helped people. I submit that it is equally evident that some of the provisions in H.R. 12080—adhering as they do to the familiar route of control and threat—will fail. Aside from the morality of penalizing children with the proposed ceiling on the aid to dependent children caseload, removing children from parents who decline to work and forcing mothers into work and training that may not be appropriate—there are also questions of practicality and effect.

Our judgment is that the principal amendments in H.R. 12080 will not reduce the number of Americans in need of public assistance. On the contrary, we believe the enactment of provisions for an AFDC ceiling, mandatory work and training and restrictions in the AFDC-UP program will increase the number of hearings and court challenges...

Aggravate tension in ghetto areas with a high proportion of welfare recipients...

Further cripple the administration of public assistance by multiplying recipients...

Penalize the children who are already penalized by their families' reduced circumstances...

And place intolerable financial burdens on states and localities that try to maintain their programs.

LAS ANIMAS COUNTY DEPARTMENT OF PUBLIC WELFARE, COLORADO

(The following letter was submitted to the committee by Hon. Frank E. Evans, a U.S. Representative in Congress from the State of Colorado:)

SEPTEMBER 11, 1967.

HON. FRANK E. EVANS,
Member of Congress,
House Office Building,
Washington, D.C.

Community work and training programs

I would endorse this provision 100 percent, as you know we have had such a program in Las Animas County under Title V, and we feel it has been very successful.

LAS ANIMAS COUNTY DEPARTMENT OF PUBLIC WELFARE,
CLAIR O. ROBERTS, Director.

STAFF OF LUTHERAN FAMILY AND CHILDREN'S SERVICES OF ST. LOUIS, MO.

LUTHERAN FAMILY AND CHILDREN'S SERVICES,
St. Louis, Mo., September 6, 1967.

Senator RUSSELL B. LONG,
U.S. Senate,
Washington, D.C.:

Although we agree with the principle that it is good for people to work when possible we don't feel that a mandatory law is the way to accomplish this goal. To assume that forcing an ADC mother to work is the best way to break the cycle of family dependency for economic support raises the question of a mother's role in child rearing. Does a mother best meet her children's needs by working, especially if she has young children? Does her working provide the best chance for her children to grow up and live independent of assistance? Thus work for some adults may be an excellent opportunity—but in the long run it seems that focusing on the adults, on the present at all costs, means that we haven't dealt with the chronic nature of

dependency—"from generation to generation".

Respectfully yours,

Constance Hartner, Rodney R. Johnson,
LeRoy D. Zimmerman, Jean J. Pfeifer,
Douglas Zopotolny, Sally Phend, Helen
C. Conunos, Arnold H. Bringewatt, Pat
Annis, Martha Bringewatt, Carolyn J.
Riske, Douglas Zopotolny.

MAINE DEPARTMENT OF HEALTH AND WELFARE—LETTER FROM STEPHEN P. SIMONDS, DIRECTOR, BUREAU OF SOCIAL WELFARE

DEPARTMENT OF HEALTH AND WELFARE, STATE HOUSE,
Augusta, Maine, August 28, 1967.

To: Dean Fisher, M.D., Commissioner.

From: Stephen P. Simonds, Director, Bureau of Social Welfare.

Subject: Social Security Amendments of 1967—National Governors Conference Query.

4. The requirement for work training program for mothers receiving AFDC payments should apply only to mothers requesting the training instead of all AFDC mothers, as the bill proposes. It is both undesirable from the standpoint of public policy and totally unnecessary for practical reasons.

The effect of the bill's proposal is to put government in the position of deciding which mothers will work and which ones will not; which child will have the benefits of his own mother's care; which child will be cared for by parent substitutes. For very sound reasons, government has not taken upon itself the power to dictate such decisions. Furthermore, this element of compulsion is not needed, and is irrelevant. The fact is that the combined resources of our Work Experience and Training program, anti-poverty agencies, and other manpower training programs are unable now to provide all the necessary educational, training and work experience resources requested by AFDC mothers. We cannot take care of all those who want to work. The proposed Amendments would require us to set up elaborate administrative machinery, assure weekly registration with employment services, police "bona fide" job offers; costly procedures which serve only to divert our attention and resources from the work training programs we are now just getting underway. Moreover, a substantial percentage of the AFDC recipient groups are on the program relatively short periods of time and except for brief intervals are basically self-supporting. Their major need is money to get them through a crisis period and they quickly return to former or new jobs, when this is passed. In our present program, these families are identified and we do not spend time doing things for them which they are perfectly capable of doing for themselves. H.R. 12080 would force us to adopt unproductive and meaningless procedures for this group.

STATEMENT OF THE MEDICAL COMMITTEE FOR HUMAN RIGHTS, CHICAGO, ILL., SUBMITTED BY QUENTIN YOUNG, M.D., NATIONAL CHAIRMAN

The Medical Committee for Human Rights believes that Section 201, requiring mothers receiving AFDC to work, is thoroughly unsound. In our society, a child's mother has long been considered the best caretaker. When both parents in an affluent family work it is difficult enough to find a good caretaker. The surrogate parents available to families of low income are most often aged or sick relatives or older siblings who are themselves unsupervised. Under the best of circumstances the prolonged absence of a mother can be devastating to a child. Psychiatrists and psychiatric social workers recognize that often it is most important for the health of a child for a mother not to work in order to care for a child even if it means she must go on welfare. Furthermore, the

law will effectively prevent the mother from choosing the person to whom she will entrust her child. The proposed and as yet non-existent day care centers, considering the already low funding for poverty programs, are likely to become the grim, Dickensian institutions which promote mental retardation and emotional disorganization rather than wholesome development.

STATEMENT PRESENTED BY MSGR. LAWRENCE J. CORCORAN, SECRETARY, NATIONAL CONFERENCE OF CATHOLIC CHARITIES

The objectives of the changes proposed by H.R. 12080 are commendable; assuring that recipients who are able enter the labor force reducing illegitimacy and strengthening family life. The emphasis on work and training programs may well augment the present program of the Welfare Administration, funded by the Office of Economic Opportunity. It responds to the desire of many AFDC recipients to obtain employment and not receive the assistance grants. This Committee already has been furnished the information that 34% of the closing of AFDC cases resulted from employment or increased earning of family members.

Granting all this, however, one still must question the basic method proposed in H.R. 12080 to accomplish its objectives, namely, coercion. It is highly doubtful that any person forced to work or take work training will perform an adequate job or develop work skills. This Committee would be well advised to remove the coercive aspects of the work and training program.

Children 16 years of age and older, who have dropped out of school, also are to be forced to work or to take work training. The first effort should aim to return these children to school, yet no mention is made of this in the House bill. Only after these efforts have failed should the youth be pressed into the labor force.

Perhaps the most unfortunate focus of the coercion in H.R. 12080 is upon mothers of children. Perhaps some can and should be urged to work, or take work training. Others, however, should remain in the home because of the needs of their children. The determination of this demands a careful and skillful social diagnosis. Yet the staff to perform this skillful task is not available. Only one per cent of the caseworkers and 13 per cent of the supervisors in Public Assistance programs have completed their graduate training in social work. This is a barometer of the readiness of the staff of public assistance agencies to execute the task being assigned to it. Such a job assignment seems impossible of fulfillment under present circumstances.

NATIONAL CONSUMERS LEAGUE

(Submitted by Mrs. Sarah H. Newman, General Secretary)

The National Consumers League is greatly troubled by the concept of public welfare expressed in H.R. 12080, which would force mothers into training programs and to accept jobs deemed "appropriate". Worse, yet, is the freeze on welfare payments to dependent children which would punish the unborn by eliminating Federal aid for any additional children. Instead, we endorse improved public assistance payments and more day-care facilities for children, thereby freeing mothers for training programs.

NATIONAL COUNCIL OF CHURCHES OF CHRIST IN THE U.S.A.—STATEMENT BY WILLIAM H. ROBINSON

The provisions of the public assistance amendments outrage our sense of American standards of decency for a number of reasons.

1. They remove from the mother of AFDC families the right to decide whether her children's growth and development can best

be nurtured by her going to work or by her staying in the home to provide them with the tender loving care every child needs for healthy growth. Some mothers may choose to go to work, directly or by way of a training program, and to leave their children with a day care center. Others may sincerely believe that they can make their best contribution to their children and to society by staying at home to care for them. This is not a choice that any agency of government should dictate. It is a thoroughly unjustified intrusion of government into the private decision-making responsibilities of a substantial number of American mothers. These provisions undermine the human dignity and sense of worth of AFDC recipients in a shamefully un-American and unethical way.

2. It is a bad social policy to pursue a goal of regularly removing mothers from their normal duties of caring for their young children in their own homes where fathers are absent. Counseling services should be made available to such mothers so that when they want help to decide whether to go to work or stay at home to take care of their children such help is available. Acceptance of such counseling services should be a condition of financial aid. For those mothers wishing to engage in work and/or training programs, day care services of high educational quality should be provided to their children. These day care centers should be staffed with people able to provide a mother-substitute to children while under their care. Our society will certainly not benefit from having over 3 million children in the coming generation deprived of a mother's care during many hours of the day. Children growing up under such conditions will certainly provide a disproportionate share of the delinquents, the mentally ill, and the socially and economically unproductive citizens of the next generation. Our society cannot afford such a dreadful waste of human resources.

STATEMENT OF MRS. HENRY STEEGER, CHAIRMAN, NATIONAL COUNCIL ON ILLEGITIMACY

4. The proposal to force mothers and out-of-school youngsters over 16 into the labor market as a condition of receiving assistance. This provision does not allow for individualization, and does not take into account the social value of a mother's work in the rearing of her children and caring for their home. Also youngsters, rather than be urged to enter the labor market prematurely, into possibly dead end jobs, should be urged to complete schooling so that their long-range earning power is enhanced. Continued schooling should be available for pregnant girls and young mothers.

PREPARED STATEMENT OF THE NATIONAL COUNCIL OF JEWISH WOMEN, INC., NEW YORK, N.Y., SUBMITTED BY MRS. LEONARD H. WEINER, NATIONAL PRESIDENT

The National Council of Jewish Women, established in 1893, with a membership of over 100,000 members in local units throughout the United States, has pioneered in services to children and senior citizens, and has always strongly supported programs for such services.

When H.R. 5710 was before the House Ways and Means Committee, the National Council of Jewish Women supported the provisions of the legislation in the belief that it would provide much needed improvements in the various programs under our Social Security System. We are, therefore, deeply concerned and disturbed by some of the provisions of the measure reported by the Committee and subsequently adopted by the House of Representatives. Instead of improving the lot of those who are recipients of, in some instances, pitifully inadequate assistance, the measure, if it should become law, may rob them of this assistance altogether.

The drastic changes proposed under the Public Assistance title are contrary to a longstanding position of the National Council of Jewish Women of supporting "procedures which uphold the rights and dignity of recipients of welfare services." There is a serious question in our mind whether the dignity of an individual is upheld if he or she is forced to accept or keep a job as a condition of assistance, or the rights of a mother are upheld when she is forced to abandon her freedom of choice of caring for her children, or in some instances deprived of their custody.

STATEMENT OF RUTH ATKINS, ON BEHALF OF
THE NATIONAL COUNCIL OF NEGRO WOMEN,
INC.

The intent of the work program provision is to increase the individual's job potential. Accepted as such, there can be no quarrel with the approach. There are, however, serious questions about the effect of the specific provisions written into H.R. 12080.

Although there is no disagreement with the philosophy that people should be helped to become self-supporting, we do not feel that the best interests of children or of all mothers is served by the simplified solution of forcing welfare recipients, including some 16- and 17-year-olds, into the labor market at any cost. Labor Secretary Wirtz has already testified to the difficulty of finding jobs for persons with limited education and the problems likely to be caused by "instant training" programs too hastily established.

Setting up compulsory work programs for mothers of young children introduces an element of coercion which is not likely to produce a sound learning climate. Nor is it consistent with the "freedom to choose your own life work" ethic on which our free enterprise economy prides itself.

There is no question that the arbitrary removal of mothers of young children from the home will have serious effects on wages, working conditions, and family life. The solo parent who has managed to maintain a home for her children and provide some measure of family stability and parental love in the face of overwhelming economic odds is to be admired and respected. Under the provisions of section 201 of this bill, she now can be arbitrarily ordered by local or State welfare agents to abandon her young children to a hastily established day-care center while she worries her way through a day of "work training." If she refuses to abandon her maternal role, "the authorities" may question her "fitness" to remain a mother to her children. I am certain that the gentlemen of this committee share with me a belief in a strong and loving family as the keystone to our American way of life. We had far better concentrate on building family strength and resiliency rather than on destroying the family as this legislation threatens to do.

TESTIMONY OF NATIONAL FARMERS UNION,
PRESENTED BY TONY T. DECHANT, PRESIDENT,
AND BLUE A. CARSTENSON, ASSISTANT
LEGISLATIVE DIRECTOR

The House passed Social Security Amendment (H.R. 12080) contains two controversial amendments. The first one calls for worker-training programs, but requires every adult member and child under the age of 16 who is not in school for whom work or training is appropriate to participate or face loss of public assistance. The Committee said that only a few state welfare departments have established work training programs at this time, and only in limited areas despite congressional encouragement.

We urge that there be an incentive rather than a compulsion so that those on welfare who work or go into training would receive at least the minimum state welfare payment set by the state. People should be able to earn their way out of poverty.

STATEMENT OF MARTIN MORGANSTERN, NATIONAL
COORDINATOR, NATIONAL FEDERATION
OF SOCIAL SERVICE EMPLOYEES
MANDATORY COMMUNITY WORK AND TRAINING
PROGRAM

HR 12080 requires that every state establish community work and training programs for AFDC parents and that "Every adult member and child over 16 not attending school for who it was determined that work and training is appropriate would be required to participate or face the loss of assistance." (Summary of Provisions, p. 11.) HR 12080 (p. 132) provides that if anyone "refuses without good cause to participate in a work and training program" that that person would be ineligible for public assistance. Chairman Mills asks, "Is that not the way we lead people from a condition that I am sure they do not want to be in—of need—into a position of independence and self-support?" (H 10668 Congressional Record 8/17/67.) The answer I am afraid is a most resounding "No."

Certainly we are in favor of work and training for any recipients in any category where the individual is capable of benefiting thereby. We recognize, as does Chairman Mills that the best way to help the welfare recipient is to end his dependency. We agree with Mr. Mills when he says that the people involved themselves do not want to remain in a condition of need. The question is how do we alleviate need and end dependency? It is our feeling that the mandatory program outlined in this law will do much more harm and little, if any, good.

There are several factors that convince us that this is the case. The states are required to establish Community Work and Training programs in order to obtain federal reimbursement! We have found that nothing so motivates state officials as the desire to obtain reimbursement. In order to demonstrate how much motives can operate to the defeat of the intent of the law, let me digress a moment and discuss implementation of the 1962 public welfare amendments. In 1965 I was a case worker in the New York City Department of Welfare. At that time HEW insisted on implementation of the services requirements if full reimbursement was to be continued. In my welfare center I attended three meetings, which involved taking one-half of a work day for all workers, and called in order to discuss "the giving of services." In each of those meetings we discussed the completion of certain forms that HEW required for reimbursement. We were carefully briefed on the proper care and maintenance of these forms and repeatedly admonished concerning their importance. These forms "reported" the time and nomenclature of services being given to our clients. Not one word was ever said concerning the quality or nature of such services, or about why and when they should be offered. Nothing was said about the importance of actually giving services; the only thing of importance, the only thing discussed, was the record keeping which guaranteed reimbursement.

If we insist that the states create Community Work Training programs for all clients or face loss of reimbursement, the results will be worse than they were with the services amendments. There is a great deal of planning, intelligence, time, and efficiency necessary to build such a program. The states that have been working on them for years have encountered less than universal success. (As an example, see the attached report: "Chaos in the Human Resources Administration.") Everyone in the poverty program has seen training programs that don't train and work programs that don't work. Many programs have trained people for jobs that didn't exist, or for which the trainees could never be hired for reasons other than their own shortcomings. No training program is worth the money in-

vested in it unless it guarantees a man a job at his successful conclusion of the course and unless the trainee really desires such a job. Work prospects as those which many states and counties have instituted where relievers are used to cut grass, shovel snow, or work for below union scale in dead-end jobs will entice and motivate no one. They will increase the recipient's conviction that the cards are stacked against him and that his only salvation lies in beating the system. Work and training programs that are little more than a return to "work relief" are doomed to waste the taxpayer's money and the welfare worker's time.

There are other drawbacks to this program. The Ways and Means Committee acknowledges that "A key element in any program for work and training for assistance recipients is an incentive for people to take employment" (Report of Ways and Means Committee in HR 12080 p. 106). Yet the Committee relies primarily upon coercive techniques rather than incentives. One of the problems with our current Public Welfare program is that it has inherited the coerciveness of the English poor laws. The examples from which we should learn are many. In 1349 the Statute of Laborers in England demanded that anyone under 60 who was unemployed must take any job available. That didn't work and in 1531 we got new legislation from Henry VIII who said, "Many and sundry good laws, strict statutes and ordinances have been enacted yet notwithstanding the number of poor has not in any part diminished but increased in numbers." His highness then decree another "good statute" prescribing whipping, loss of an ear and finally death for unemployed beggars. But that didn't work so 16 years later in 1547 Edward VI tried branding and permanent slavery. This failed. Every 30 or 40 years thereafter English monarchs tried new variations on the punitive theme and poverty continued. The Committee's "new approach" is really old hat.

When the Ways and Means Bill does try incentives it does so half-heartedly and thus ineffectually. The first incentive they recommend is to be provided by the caseworker who will help the client prepare for training by using the social services already authorized under the 1962 legislation (report of the Ways and Means Committee p. 48) to upgrade the client and prepare him or her to benefit from training. Here is the height of irony, for these proposals destroy any hope we may have held for ever properly implementing the services promised in the 1962 amendments. By giving the caseworker and his superiors the absolute power to dictate to a client how she must spend her income, by giving him the right to order her to work, to restrict her activities, and even to take away her children, we have destroyed any chance of creating the environment of trust and understanding that is needed if services are to be accepted by the client.

As for the cash incentives that would reward those who take jobs, they would be excellent if the dollar amounts were not set so low. The Ways and Means Committee correctly points out that the precedent for disregarding some earning of welfare recipients was set in Title VII of the Economic Opportunities Act and Section 109 of the Elementary and Secondary School Act of 1965 and points out that this approach while good, is merely piecemeal and discriminatory. The Committee wisely sets out to correct this by setting one standard that would apply to all income, but it sets the amount of earnings that a client might keep at well below those set in the earlier legislation. The new levels will mean an actual decrease in incentive income for those already covered by existing legislation and in any case is much too low to be a meaningful incentive.

It is our carefully considered opinion, therefore, an opinion that results from long

and constant contact with welfare agencies, that given a climate and circumstances where they must, in a relatively short time, establish mandatory community work and training programs the state and local authorities will fail miserably. In making this judgment we take into consideration the fact that these programs must accommodate excessive numbers of persons, many of whom are there involuntarily and resent it, that these programs then have at once a captive audience but a hostile one. We must remember that these programs will not be able to limit or adjust their scope to placements available nor have the benefit of highly-motivated trainees (in fact these trainees may not even be covered by existing laws that protect other workers). These programs will be under a double pressure, first to meet HEW standards as to both inclusiveness without violating "good cause" regulations and second to show immediate effectiveness. The second will exist as public welfare officials will remember the Ways and Means Committee's hasty judgment on the 1962 amendments and be anxious not to lose another program. Further both our experience as workers and poor law history indicate the futility of a punitive "get tough" approach to the poverty problem.

Yet we want to see extensive CWT programs and we believe that the states can create such programs and that they will work. They will work if the states work hard to build programs that provide good jobs and good training so that the recipient will have a better life to look forward to off of welfare. It will work if the cash incentives are set at a more realistic level, perhaps at \$85.00 or \$100.00 monthly plus one half of the rest. And finally it will work if case-workers are not overburdened with large caseloads, punitive tasks and extensive paperwork responsibilities and can instead spend their time preparing and motivating clients for work and training projects. Two final points on this topic.

First, if we are panicked into creating CWT projects that are an anathema to welfare recipients they will spend most of their time scheming to avoid work and training. And they will raise a new generation of individuals to whom work and training are evils to be avoided at all costs.

Second, we are alarmed at the possible avoidance of the minimum wage laws under the work and training program. We confess to confusion over the intent of the Committee at this point. In the Bill itself (Section 204 (a)) it is abundantly clear that: "the rates of pay will not be less than the applicable minimum rate (if any) under Federal or State Law for the same type of work and not less than the prevailing rate for similar work in the community..." However, in the Report (p. 105) it states:

"The original provision," (as above) . . . "is based on the view that the AFDC participant under the CWT program, including arrangements for training with private employers, is not in an employment relationship, or otherwise subject, because of this activity, to the wage and hours laws (or the internal revenue, social security, or workmen's compensation laws). For this reason, the Committee urges that the Secretary of Labor find it possible to classify the beneficiaries of this program as not being included under the Federal minimum wage law."

If this last paragraph means what it says, it appears that the calumny is complete. It is quite obvious that someone who is not protected by the minimum wage, social security and workmen's compensation laws will not be given the opportunity to participate in the internal revenue system. This is, of course, together with the penalty provisions of the Amendments, a fundamental thrust at depressing the labor force. We urge careful

and detailed inquiry into the intent of the Committee and the strictest conformity to the mandates of the original Act.

LETTER FROM MRS. LUCILLE S. PUGH, PRESIDENT, OREGON SOCIAL WELFARE ASSOCIATION
OREGON SOCIAL WELFARE ASSOCIATION, INC.,
Salem, Oreg., September 18, 1967.

HON. RUSSELL B. LONG,
Chairman, Senate Finance Committee, U.S. Senate, Washington, D.C.

SIR: The Membership of the Oregon Social Welfare Association, Inc. through its Board of Directors protests certain sections of HR 12080, Title II, as being punitive and not in the best interest of the people of this country. We refer specifically to those sections of the bill which would

(1) require all adults on assistance, including mothers and out of school youth over 16 to engage in work and training as a condition of receiving public assistance. The proposal apparently includes exemption from minimum wage requirements and further provides such penalties as removal of the adult from the assistance budget, discontinuing assistance, or even possible removal of the children by court and placement of the children in foster care.

STATEMENT OF THE PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE, SUBMITTED BY THOMAS W. GEORGES, JR., M.D.

SECTION 204. COMMUNITY WORK AND TRAINING PROGRAMS

The provision for 75% matching (85% until July 1, 1969) for "training, supervision, and material" is attractive. Pennsylvania could use a variety of services in a sound work and training program. However, the mandatory requirement that a CWT program be established in all areas where there is a "significant number" of AFDC recipients age 16 and over ignores the fact that the CWT program by itself, can be used to conduct work relief projects which have a dead end. In effect, the person in a CWT program would work only for his assistance grant.

We have real question as to whether such programs are geared to providing stable, realistic jobs. They seem rather to satisfy the belief that poor people should work for what they get. It is not a respectable way of getting people to work. It does not get people back into the labor market as self-supporting. It tends to continue dependency. It is not a substitute for either public employment or private employment expansion efforts.

We wonder, in these days of almost unlimited training programs with government support, if there is any reason for public welfare to operate a work relief program? Pennsylvania has had such a program for many years. Our own experience is that the more recently created Work-Training programs (Title V, EOA, MDTA, Neighborhood Youth Corps, New Careers Program, etc.), with built-in incentives are more productive.

We propose that there should be a Federally supported work and training program. It should be equal in its incentives and benefits to the MDTA, Neighborhood Youth Corps, New Careers, and Title V (Economic Opportunity Act Program).

Our best experience convinces us that the public assistance role is to prepare the hard core of unemployed to enter the labor market. Our greatest success has proven that literacy training is fundamental to any work and training program if it is to enhance lasting upward mobility. Therefore, the program should be keyed to training rather than a mandatory work training program alone. For literacy and related training, the incentives should be the same as for work training.

STATEMENT OF PAUL H. TODD, JR., CHIEF EXECUTIVE OFFICER, PLANNED PARENTHOOD-WORLD POPULATION

Particularly in extending family planning to those who depend on public assistance, every effort must be made to avoid any actual or implied coercion. Not only does a coercive approach to family planning violate the right or individual privacy but it is self-defeating. We have seen in many communities how the punitive application of such regulations as the "man-in-the-house" rule results in frightening recipients away from taking advantage of family planning services which they want and need. We urge the committee to amend section 201B to require Federal, State, and local authorities to establish clear and unambiguous safeguards against coercion in carrying out the mandated family planning program.

STATEMENT OF CARL RACHLIN, LEGAL DIRECTOR, SCHOLARSHIP, EDUCATION, AND DEFENSE FUND FOR RACIAL EQUALITY, INC., NEW YORK, N.Y.

Now what this bill does, Senator, is further carry the destruction of the Negro family one step beyond what I have just said, because now we are saying not only can the father not be there, but that the mother, in order to continue to receive any assistance at all, must leave the house: That is she has no alternative as to whether she will or will not work or will or will not remain and take care of her children. She must accept whatever employment or training will be provided or risk losing assistance for her children.

We say that with the mother out of the house, having already forced the father out of the house, what will be left of the family stability? We think mothers ought to be given an opportunity to decide for themselves. Some may feel that it is better if they work, others may feel better if they stay in their homes. This should be the mother's decision. We think that that is the significant thing that H.R. 12080 is very weak on.

LETTER FROM RICHARD G. SHEPARD, SOCIAL WORK SUPERVISOR, WHITEHALL, WIS. TO HON. WILLIAM PROXMIER

(Submitted by Senator PROXMIER)

(The following letter was submitted to the committee by Hon. William Proxmire, a U.S. Senator from the State of Wisconsin.)

WHITEHALL, Wis., September 20, 1967.
HON. WILLIAM PROXMIER,
Senate Office Building,
Washington, D.C.:

Second. The second potentially damaging aspect of the proposed amendments is in Title II, Section 201, page 107FF, and Section 204, page 126FF. Specifically I refer to the proposal which would require mothers on the AFDC program to engage in work training and employment as a condition to receiving assistance.

It is my feeling that this aspect of the proposed bill could be very damaging to the little pre-school children who need the identification with an adult. Generally AFDC is granted to homes where the father is gone for any number of reasons. Therefore, in AFDC homes there is only one parent for the child to identify with. If the mother is then forced into work training or employment, there will be no one to give the child comfort, re-assurance or love. It would be very likely that such a barren childhood would damage the mental health of these children.

If this aspect of the bill could be changed to exclude those mothers with pre-school children and those adults not physically fit, it would not be so objectionable.

RICHARD G. SHEPARD,
Social Works Supervisor.

LETTER TO LONG FROM ROBERT D. MABBS,
PRESIDENT, SOUTH DAKOTA CHAPTER, NA-
TIONAL ASSOCIATION OF SOCIAL WORKERS
SOUTH DAKOTA CHAPTER, NATIONAL
ASSOCIATION OF SOCIAL WORKERS,
September 8, 1967.

Re H.R. 12080 Social Security Amendments
of 1967.

Hon. RUSSELL B. LONG,
Senate Office Building,
Washington, D.C.

We protest:

1. The assumption that Aid to Families with Dependent Children is primarily a program for children born out of wedlock. About 83 percent of the children in AFDC grants are legitimate.

2. The assumption that all adults in families with dependent children should work.

a. Rearing children is an important function. Especially where one parent is left with the responsibility, this may take all the time and energy she has. Families receiving a AFDC grants tend to be larger than in the total population.

b. Many adults in these families have obstacles to employment in addition to their need to care for their children, such as poor health, lack of education or work experience, physical handicaps, minority status, and lack of skills. Others live in small communities or on Indian reservations where jobs simply do not exist.

Sincerely,

ROBERT D. MABBS,
President, South Dakota Chapter, Di-
rector Undergraduate Social Work
Education, Augustana College, Sioux
Falls, S. Dak.

EDWARD V. SPARER, TEACHER OF LAW OF PUBLIC
ASSISTANCE, YALE LAW SCHOOL

C. THE NEW "WORK TEST" FOR MOTHERS AND
THE CURRENT STATUS OF "WORK TESTS"

Work requirements as a condition of public assistance for able-bodied adults is not, of course, newly introduced by H.R. 12080. As a general rule, able-bodied men are required to work or to seek work and, so too, are able-bodied women who do not have young children to care for. Some welfare officials in their zealous pursuit of work requirements, have attempted to criminally punish men who refused jobs, and some lower courts have agreed with their theories only to be rebuffed, properly, by appellate courts. See, e.g., *People v. La Fountain*, 21 App. Div. 2d 719 (3rd Dept., 1964) and *People v. Pickett*, — N.Y. 2d —, 278 N.Y.S. 2d 802 (1967). (As indicated by the N.Y. Court of Appeals in *Pickett*, serious questions regarding the Thirteenth Amendment arise upon such criminal punishment.) Nevertheless, it is generally accepted as part of the structure of our present federal and state welfare laws, that the able-bodied are required to accept work.

A different situation exists with regard to mothers of young children on AFDC. The intent underlying our present Social Security Act is that the right to make the decision as to whether such mothers should work or not should not be taken away from poor mothers just as it has not been taken from other mothers in our society. In its *Handbook of Public Assistance Administration*, Pt. IV, Sec. 3401, HEW has summarized the legislative history and intent of the present act:

"The aid to dependent children program is designed to provide as adequately as possible, such assistance and service as are essential to the rearing of children in family homes. To the extent that such help is available, a mother in and aid to dependent children family is in a position to exercise some degree of choice as to what course of action she should follow with respect to seeking or continuing employment and to make a decision in consideration of her

special circumstances, especially the extent to which the age or condition of her children may make her continuous presence at home desirable or necessary."

It was clearly indicated by statements made in the reports of the Committee on Economic Security* that the intent of the aid to dependent children program was to enable mothers to remain in their homes, so that their children would have the opportunity for parental care and the benefits of growing up in a family setting.

"The enactment of laws for aid to dependent children was evidence of public recognition of the fact that long-time care must be provided for those children whose fathers are dead, are incapacitated, or have deserted their families; that security at home is an essential part of a program for such care; and that this security can be provided for this whole group of children only by public provision for care in their own homes.

" * * * Before the adoption of these laws it frequently * * * happened * * * that she (the mother) * * * was encouraged to make the attempt to be both homemaker and wage earner, with the result in such cases that the home was broken up after she had failed in her dual capacity and the children had become delinquent or seriously neglected."

The transfer of mothers of young children from their homes into the labor market may increase the woman power in industry and domestic service, but whether the employment of such women represents an economic asset depends upon a number of factors in each case. For example, when children become ill, they are, as a rule, cared for in their own homes, and if the mother is employed she must usually either stay away from her job or neglect her sick child. The time available for domestic responsibilities is limited for an employed mother. She must either neglect her home or make inroads on her physical resources. The resulting nerve strain may affect her contribution to industry as well as to the well-being of her family. Even if, on the other hand, substitutes for the mother's care are obtained, the children will require a considerable portion of the time of some other responsible adult.

The role of the public assistance agencies is, by assistance and other services, to help the mother arrive at a decision that will best meet her own needs and those of her children. Such help will involve consideration with families of such factors as the welfare of children during the mother's absence from home and of the type of substitute child care arrangements the mother can or wishes to make if she takes full- or part-time work. Consultation services should also be available that will help the mother determine what increased costs will be involved in taking a job; for instance, clothes, lunches, transportation costs and other necessary expenses involved in the mother's absenting herself from home. In some instances, a part of the potential wages will be required to provide supervision for the children in their home or in a day-care facility. The opportunity to discuss these conditions will necessarily influence decisions since it will often be apparent that anticipated earnings will not, in all cases, provide the essentials for family life.

The Bureau of Public Assistance recommends against any policy of denying or withdrawing aid to dependent children as a method of bringing pressure upon women with young children to accept employment. Public assistance recipients should not be subjected to undue pressure and receive different treatment from that accorded other persons in the community simply by reason of the fact that they are in receipt of public assistance. In cases of families receiving aid to dependent children, children are already, in most instances, deprived of the care of one

parent, and, therefore, need the protection and personal supervision of the available parent.

H.R. 12080 would reverse the purpose of AFDC. It would require mothers of young children to work as a condition of unrestricted AFDC aid whenever the welfare department decides she should work. If the mother disagrees and insists that she care for her own children, "the children involved could be taken care of only through protective payments or vendor payments without the need to make the usual determination that the adult is not capable of handling the funds." (P. 104, House Committee Report).

The House bill, however, would thus reverse current policy only on the federal level and in approximately one-half of the states. According to a survey conducted last year by the Columbia Center on Social Welfare Policy and Law, the other half of the states have enacted AFDC regulations which require mothers to work whenever the welfare department, under its rule, deems it appropriate.

Some of the state welfare regulations reach incredible lengths. Thus the Georgia regulation, on the one hand requires mothers to obtain full-time work whenever the welfare dept. deems it appropriate; on the other hand, the welfare department must, under the Georgia "employable mother" regulation, discontinue aid whenever the mother obtains a full-time job, no matter how little she earns. Thus, the lead plaintiff in a current federal court suit challenging the constitutionality of this particular rule, earns \$24. (twenty-four dollars) for a forty-eight-hour work week and was deemed not eligible for AFDC supplementation. She has seven children to support. Another plaintiff earns \$15. (fifteen dollars) for a fifty-hour work week. She too was denied supplementation, though she has eleven children to support.

The Washington, D.C., rule, as I understand it, goes even further. Under the D.C. rule a mother who is deemed able-bodied and available for work is subject to AFDC termination even though she has not obtained a job! Nevertheless, the more typical rule does not require termination (so long as the mother seeks work when the welfare department so decides) and will provide for supplementation of salaries in the single parent family up to AFDC "need" levels. I cite some of the experiences under such rules, therefore, as an indication of the range of use and abuse that might develop under H.R. 12080 on a national basis.

New York.—New York State has a regulation which empowers the local welfare department to require an AFDC mother to work when the department deems it in the "best interest". The conclusion of the New York City welfare department, however, is that such requirements are unrealistic, damaging to the mother and inconsistent with the self-respect and independence that is the goal of the Social Security Act.

Arizona.—A not untypical case of the "employable mother" sort that I have come across involved a mother of nine children who was cut off welfare (and thereby forced to take a full-time job at strenuous work for little pay). Her young children were left virtually uncared for. She appealed her earlier welfare cutoff and was restored to welfare, only to be cut off again on the claim that her work experience during her earlier cutoff proved that she was "an employable mother." A protracted appeal and hearing finally restored her to AFDC once again, but not until she and her children had endured considerably more suffering.

Mississippi.—How the "employable mother" rule works in Mississippi is best told in the words of a former AFDC recipient who was cut off because of it. Mrs. Ora D. Wilson testified at the welfare hearings in Jackson, conducted by the Mississippi State Ad-

* Special Security Board: *Social Security in America*, 1937, pp. 233-234.

visory Board of the Civil Rights Commission. Mrs. Wilson stated:

In the year 1965, I was receiving a welfare check. On the first day of June, I came to Jackson on a demonstration. I got locked in jail and stayed locked in jail for eleven days, and when I returned home, the welfare lady who has brought a check—brought my welfare check to my home—she had been mailing it every month, but this time she had brought it a day before I returned home, and she left this check with my children, with the two children. She told the two children, when I come home, to come to the office to see her. When I came home, I did go to the office. The welfare lady asked me where had I been. She came to my home, and where was I? I told her I was in Jackson at that time. And she asked me wasn't I in a demonstration? I told her, "yes, I was." She said, "Didn't you know that you didn't have any business to leave home, to leave your children?" She said, "Where did you leave your children?" I said, "I left my children. They were at home and they was in good care." She said, "You didn't have any business to go off and leave your children." And she said, "You should have been here chopping cotton for \$3.00 a day instead of going off on a demonstration." Then she said, "If you will agree to chop cotton for \$3.00 a day," she said, "you will get your check back in August." She said, "You will get your first check in August." This was in June. At this time, I belonged to a Freedom Labor Union in Indianola, Mississippi. This union was on strike. I refused to go back into the fields. I told her that this was a Freedom Labor Union, and this union was on strike and I refused to return to go back to the fields. She told me that if I refused to go back to the fields and chop cotton for \$3.00 a day, then she would cut my check off, and she did cut it off. I didn't go back. She cut my check off.

The Mississippi hearings contained even more horrifying examples of the use and abuse of employable mother rules. In connection with Mrs. Wilson's testimony however, it might be pointed out that federal law, both under the current Act and as would be amended under H.R. 12080, definition of "good cause" for refusing work is left to the states. Mississippi has not chosen to define "good cause" as including the existence of a labor dispute and strike at the site of the offered employment. At the least, a federal definition of "good cause," including labor disputes, ought to be promulgated under new legislation.

One might comment on the examples of wrongful decision-making under current "employable mother" rules by urging that the right to have a "fair hearing," guaranteed in the Social Security Act, is an adequate remedy for abuse. Unfortunately, the "fair hearing" is a most inadequate remedy. As demonstrated by the Arizona case cited above, the "fair hearing" is not held and decided until long after the damage is done.

Moreover, a decision as to when it is "appropriate" for a mother to be required to work and when it is not, is a decision made with regard to vague standards necessarily involving large amounts of discretion. The moment the discretion is placed in the hands of someone (the welfare worker) other than the mother, it becomes extraordinarily difficult for the mother to challenge it. This is especially true when the mother is an isolated welfare client, ignorant of the rules and her legal rights, and afraid to endanger the grant upon which she depends for the food and shelter for her children. These factors have led one of the leading legal scholar-researchers in the welfare field to conclude that the hearing system does not offer mothers protection against the employable mother rule. See Handler, *Controlling Official Behavior in*

Welfare Administration (May, 1966, Calif. Law Rev.).

On what ground should the intent of the 1935 Social Security Act—that of allowing the AFDC mother to decide herself whether it is best for her to stay home and care for the children or leave them with others to go to work—be changed. Protecting the right of the mother to decide such a question is traditional within our society. When mothers, both middle class and poor, choose to work to advance a career for themselves and/or add to the family income, something basically different has occurred than when an impoverished mother, against her will, is required to leave her children with others so that she might work at exhausting, menial activity for the purpose of continuing her children's AFDC grant.

Of course, employment of mothers who have skills which will bring them substantial earnings is frequently socially desirable. However, social researchers have also found that the employment of mothers with no such skills, who want to remain in their homes and care for their children and who go to work because of financial necessity, puts sharp strains on family life and may cause severe damage to the children. For an analysis of such research, see Hoffman, *Effects of Maternal Employment on the Child, Child Development* (1961). For research demonstrating the importance of home care of young children as compared to custodial care, see Spitz, Rene, *Hospitalism, an Inquiry into the Genesis of Psychiatric Conditions in Early Childhood* * * * in *Psychoanalytic Study of the Child*. For research indicating the predictability of increased rates of juvenile delinquency by children whose mothers don't adequately supervise them, see Glueck, *Unraveling Juvenile Delinquency* (Commonwealth Fund, 1950); Craig and Glick, *Ten Years Experience With the Glueck Prediction Tables, Crime and Delinquency*, (July 1963); also Moghan, *Family Status and the Delinquent Child*, Social Forces, (March 1957).

Some final comments in connection with the new "work test" for mothers:

Experience with the WE&T and CWT programs is mixed. The remark of the ex-miner in Kentucky, cited earlier, that he was "taught nothing" is not unusual. The Mississippi welfare hearings, soon to be the subject of a published report, contain extensive firsthand reports of abuse in the program.

The House Committee Report (P. 105) points out that under H.R. 12080 it is possible to pay workers in community, work and training programs, including those "with private employers" less than is required by the minimum wage laws and the prevailing community rates on the ground that the workers are "learners." This is a dangerous approach which subjects the workers, the programs and the community labor standards to great potential abuse. Again, the Mississippi hearings offer striking examples of the reality of this danger. The "learner" exceptions ought to be removed.

It is not work requirements for mother and others on public assistance that is needed. It is genuine work opportunities that would radically alter the situation of the American poor. The job opportunities are desperately desired. So too is day care. Indeed, in New York City last week, mothers demonstrated because day care facilities are being closed down. *New York Times*, Sept. 13, 1967, P. 41.

Nothing in H.R. 12080, however, creates real job opportunities. The notion is to test the recipient—to see if she is "deserving" of our magnanimity and charity. It is a vile and degrading approach. The Elizabethans spent all their "poor law" energies developing one humiliating "work test" after another. In the middle of the American urban crisis, a crisis quite related to such degrading approaches it is time to be done with them and create a serious job opportunity program.

STATEMENT SUBMITTED ON BEHALF OF THE BOARD OF DIRECTORS OF THE TRAVELERS AID SOCIETY OF WASHINGTON, D.C., BY THE SERVICE COMMITTEE OF THE BOARD OF DIRECTORS, MRS. POTTER STEWART, CHAIRMAN

Travelers Aid stands for a strong and effective public welfare program which is directed to meeting basic human needs, and aims at the social and economic rehabilitation of all of our citizens. Several of the other provisions in H.R. 12080 seem to us to move in the opposite direction. For example the compulsion that all adults and youth over 16 years of age not in school must accept work or work training, waiving minimum wage requirements, seems to us to be a most serious step backward. Adults should be given opportunity and encouragement toward work but must have the right to decide that other family considerations, notably the welfare of children, should take precedence. We see the requirement of work for youth as contributing to non-pursuit of education and working against recently developing efforts to have school dropout youth resume their education.

II. A number of other aspects of H.R. 12080 suffer from even more serious shortcomings than those I have discussed regarding family planning, notwithstanding the admirable aims of those provisions. The provision regarding mandatory placement of children in day-care centers while their mothers work or obtain job training would be admirable if it were done on a voluntary basis. But as a mandatory program, it is both unnecessarily punitive and wholly impractical.

The provision is impractical because we cannot wave a magic wand and produce the quantity of buildings or equipment or trained personnel to establish acceptable day-care centers to handle anywhere near all of the children now receiving welfare payments. The provision is unwise and unnecessarily punitive because, by requiring states to establish day-care centers for all welfare children we will almost inevitably prompt creation of places where children are stored rather than cared for. We will punish the parent by depriving the children of adequate care, and in the end all society will be the losers.

According to statistics compiled by the National Committee for Day Care of Children, there are presently accommodations for about 400,000 children in day-care centers throughout the United States. (This figure refers only to facilities licensed by states generally certifying conformance with minimum health standards, and does not necessarily mean that the staff of such centers is trained to handle children or that the center has adequate facilities for play or training.) There are presently more than 1½ million children under school attendance age now receiving public welfare. Thus simply to accommodate these children, existing day-care facilities must be increased three-fold.

I believe that an increase in the number of and improvement in the quality of day-care facilities in this country is long overdue. But we must not fool ourselves into believing that establishment of adequate centers is an inexpensive proposition—a cheap way to save welfare funds. The National Committee for Day Care of Children—experts in this matter—estimate that minimum annual cost of adequate day-care is \$1200 to \$1500 per child. This is the range of annual cost per child in the Children's Development Centers run by the OEO Head Start program. Using the lowest figure, of \$1200 per child, we are talking about \$1.5 billion each year for the 1½ million pre-school age children now on welfare.

These cost estimates are not exaggerated or extravagant. Children—particularly pre-school children—need considerable attention, guidance and affectionate relations with adults. This means that trained staff is needed, not to mention facilities, equipment, food for the children and so forth. We can-

not take children from their mothers and place them—with 30, 40 or 50 other children—into bare prison-like rooms where they are warehoused, like so many cardboard boxes, all day while their mothers work in order to remain on the welfare rolls. If we do this to children in their crucial formative years, we must expect them to grow with serious and irreversible anti-social personality blights. We must expect the gravest kind of social delinquency to result as these children grow to adults. This will happen if we store children in "bargain basement" warehouses deceptively labelled as "day-care centers."

H.R. 12080 offers no assurance that this will not happen and, because this is a mandatory program, I think the bill virtually assures that in many states this will happen. The bill sets no standards of care—no teacher-child ratio, no minimum qualifications for those caring for the children, no minimum expenditures for play equipment or teaching materials—which must be met in these day-care centers. The bill simply requires states to establish something called "day-care centers." In fact, many states do not now even require licensing and inspection of day-care centers, and many of those which do prescribe only minimal sanitation standards not care or staff qualification standards. How many states will be willing to spend even the 15 to 25% matching funds required for establishing anything but "bargain basements" to warehouse children while their mothers work.

Imagine the cruel dilemma this situation would create for a mother on welfare. Should she abandon her children for 8 to 10 hours each day to a cheerless child warehouse, where incalculable harm will almost certainly be done to their growth, or should she give up the welfare payments which are essential for her to feed and clothe her children? We may save some welfare funds by forcing a mother to leave her children in a "warehouse" and work during the day. But in a few short years, society will pay a vastly greater price when the results of this deprivation—in anti-social and criminal conduct—come home to roost.

I believe this dilemma can be avoided, and our system of public welfare immeasurably strengthened by changing this program from mandatory to voluntary, so that mothers can choose whether they will work outside their homes during the day and leave their children at day-care centers. In addition, we must specify minimum standards of facility quality and child care which state day-care centers must meet to be eligible for federal assistance. If we adopted this non-coercive approach I think a surprisingly large number of mothers on welfare would voluntarily participate. At present we have too few adequate day-care centers to test my supposition. And the present rule which deducts 100% of earnings from welfare payments is a strong incentive against work. But, with great wisdom, H.R. 12080 abandons this 100% tax on earnings. And if the bill would also make possible the funding of new child day care centers, for voluntary use, I believe that a large number of women will go into gainful employment, confident that their children are being well cared for while they work. But in many other cases, a mother's most important place is in the home attending to the needs of her children. This too is work which is vitally important to the health of our society, and this basic fact is overlooked by any mandatory requirement that a mother leave home and work during the day.

UNITED AUTO WORKERS STATEMENT BY
WALTER P. REUTHER

IV. PUBLIC WELFARE AMENDMENTS

The UAW shares the feeling of concerned citizens that the public welfare system in the United States is not performing in satisfactory fashion. It is degrading to those who

are dependent on it, often fails to meet minimum subsistence needs and has not achieved its objective of helping the poor to become independent and self-supporting.

While H.R. 12080 professes the desirable objectives of seeking to rehabilitate the poor and reducing the cost of public welfare, it would attempt to accomplish them by means that are repugnant and reflect a harsh and punitive attitude toward the poor.

We in the UAW give our full support to the constructive provisions of H.R. 12080, but we believe the bill would be much improved if the Senate would:

1. Eliminate the requirement that no state may have a higher percentage of children on welfare (AFDC) than it had at the beginning of this year.

2. Require all states to provide assistance programs for families with dependent children when the parents are unemployed without the additional restrictions included in H.R. 12080.

3. Restore the Administration proposal to require the states to meet their own current definitions of need.

4. Protect the right of a mother to choose, or refuse without penalty, to participate in the work and training programs.

5. Remove the incentives that H.R. 12080 would provide the states to remove a child from the care of a parent and place the child in a foster home.

6. Remove the use of the threat of the device of protective and vendor payments to force participation in the work and training program.

7. Retain the provision of H.R. 12080 for aid to the social work education program, but without the \$5 million ceiling after the first year.

STATEMENT OF WILLIAM L. TAYLOR, STAFF
DIRECTOR OF THE U.S. COMMISSION ON CIVIL
RIGHTS

SECTION 204—COMMUNITY WORK AND TRAINING PROGRAMS

The House bill would make it mandatory for the States to provide for community work and training programs. Adults in AFDC families and children over 16 and under 21 who are not in school would be considered with respect to their appropriateness for participation in such programs. If they cannot show "good cause," any appropriate child or relative who refused to accept a work or training assignment, or refused to accept employment by the State employment service or by any employers, would have his assistance discontinued. The Commission strongly opposes this provision.

The Commission favors the establishment and expansion of programs which will provide training, meaningful work experience and remedial education designed to counteract the adverse effects of years of inadequate education, employment and training discrimination, and related denials of opportunity to which millions of Negroes and other minority group members have for so long been subjected. We endorse measures which will replace dependency with greater economic and social opportunity and which will enable disadvantaged people to attain their individual potential.

We seriously question, however, whether these desirable objectives can be achieved within a framework of compulsion and under the constant threat of denials of assistance. We support Section 204 to the extent that it would require the States to offer programs of work and training. But we urge the Committee to amend that Section to make it clear that the acceptance of the offer of work or training is voluntary.

The Commission has found in the course of its investigations that many mothers of dependent children are anxious to work and actively seek opportunities for training and employment. For these mothers the bill can be of considerable help by providing for

meaningful work and training experience and by providing for adequate day care services. We also have found, however, that many mothers of dependent children feel it is more important for them to stay at home and care for their children. We believe it would be a serious mistake for the bill, by permitting the State to determine which mothers are "appropriate" for work, to deprive these mothers of the choice which rightfully should be theirs to make.

Moreover, experience has shown that the coercive approach represented by this provision not only fails to produce the desired result—economic independence and self-sufficiency—but it invites abuse, discriminatory treatment, and threats of reprisal against those who would assert their rights. The Commission's Mississippi State Advisory Committee heard testimony concerning incidents in which local welfare officials used their authority to remove needy families from the rolls as a means of preventing Negroes from exercising basic constitutional rights. Section 204 could provide such officials with even greater power over the lives of needy families.

We also recommend that Section 204 be amended to provide expressly that the training offered to any individual shall not be below the skill level of his last regular occupation. A similar provision has been established by the Secretary of Labor in connection with the Manpower, Development and Training programs. We recommend further that adequate safeguards be provided to assure adherence to appropriate training standards. The Commission's Mississippi State Advisory Committee has learned of several instances of exploitation of trainees in the work experience and training program offered under the auspices of that State's welfare department. In one instance, a woman testified that although she was supposedly being trained to learn the florist business she was required to spread gravel and later found herself assigned to work as a domestic in her employer's house. Another woman who sought training as a dietitian told the Advisory Committee that she was put to work washing dishes and mopping floors in the local school. These incidents strongly suggest the dangers of exploitation and the possibility of inadequate training and meaningless work experiences unless appropriate standards are provided.

LETTER FROM UTAH CHAPTER, NATIONAL ASSOCIATION OF SOCIAL WORKERS, JAMES P. WHEELER, PRESIDENT

NATIONAL ASSOCIATION OF
SOCIAL WORKERS, UTAH CHAPTER,
Salt Lake City, Utah, September 19, 1967.
HON. RUSSELL B. LONG,
Chairman, Senate Finance Committee,
Washington, D.C.

DEAR SENATOR LONG: I have been directed as President of the Utah Chapter of the National Association of Social Workers, by the Utah Chapter's membership as its spokesman, to protest certain provisions of the pending Social Security Act amendments of 1967 (H.R. 12080), now before the Senate Finance Committee. The Utah N.A.S.W. Chapter is made up of over 400 professionally trained social workers, representing over 100 Utah community service agencies. This is to say, that virtually all of the state's major social welfare leaders and leadership are represented through the activities and official voice of the Association.

The proposed amendments have been under study for several weeks by both the Family and Children's Council of the Chapter, and the Division of Social Policy and Action. Josephine Scott Patterson, Director of L.D.S. Relief Society Social Services and Chairman of the N.A.S.W. Family and Children's Council, had petitioned for a public N.A.S.W. stand against certain aspects of the Social Security amendments on behalf of the Coun-

cil. A meeting of the Chapter's general membership has vigorously supported the conclusions of the Council, the Division of Social Policy and Action, the Chapter's Board of Directors, and the release of this statement to Utah's congressional delegation and to the public news media.

You have before you the statements of the Honorable Dr. John W. Gardner, Secretary of Health, Education, and Welfare, and Dr. Wilbur J. Cohen, Under-Secretary of Health, Education, and Welfare, given before the Senate Finance Committee on August 22, 1967. You also have the August 31, 1967 testimony of Mitchell I. Ginsberg, Commissioner of the New York City Department of Social Services, who is Chairman of the National Association of Social Worker's National Division of Social Policy and Action, and Dr. Daniel Thursz, Dean of the University of Maryland School of Social Work.

We are familiar with the statements of these persons, as well as with the official position of the Child Welfare League of America, and the Utah State Division of Welfare. (Which you now have). All of these statements, we have found, speak as one voice with respect to both positive and negative features of the amendments from the professional social work point of view.

The membership of the Utah N.A.S.W. Chapter has taken no exception to the points expressed in these important materials. Where protests have been made, we protest; where commendation has been given, we commend; where questions have been raised, we question; and where alarm and concern has been shown, we show alarm and concern.

In the interest of your valuable time and the needlessness of our written duplication of what has been so expertly stated by the foregoing persons and groups, it is our official position that we concur with these statements and recommend them to you as a representative voice of those in Utah, who have over past years demonstrated a high degree of professional competency in social welfare leadership and administration.

We do desire, however, to specifically cite two provisions of the Public Welfare provisions (Title II) of the amendments as creating coercive, punitive, and discriminatory conditions, hostile to the welfare of Utah's needy children, and the promotion of sound family life. They are:

1. The provision requiring all mothers (with limited exception) on state welfare programs to seek employment or job training as a condition for receiving public assistance.

2. The provision which would limit the number of one-parent families on welfare to their proportion of a state's child population in January 1967.

These provisions appear to be excessively harsh and punitive towards children. Children living in poverty conditions, who have no fathers in the home need the constant presence, love and attention of their mothers. To deprive this underprivileged and especially vulnerable group of children of the care of their mothers, is to unjustly punish them for circumstances beyond their control. Furthermore, to say to a destitute child that funds and services are not available for meeting his needs solely on the basis of his case having fallen into the wrong "percentage" of destitute children is to blame and punish a child for the circumstances of his birth or the desertion, death or disability of his father.

The attitude towards poverty, illegitimacy and desertion as expressed in these two provisions of H.R. 12080 militates heavily against the positive aspects of the bill. They should be amended out.

We feel so strongly concerning the erroneousness of this attitude that we would like to deal with it at length.

Probably the most often repeated story about public welfare's Aid to Families With

Dependent Children Program is that it encourages illegitimacy. Welfare caseworkers hear the accusation made time and time again, and the story has gained stature by being propounded in reputable publications, often by reputable personalities.

"There are a lot of women who feel the world owes them a living, and they find AFDC just the ticket," say some critics. Others believe that many women actually go into the "business" of having illegitimate children as a profitable means of increasing their welfare allotments.

Many can't think of public welfare programs without feeling most of them should be abolished. One indignant writer to the editor of a Salt Lake City newspaper pleads, "Why should decent, hard-working people be taxed to keep such trash? It is families of this type (unwed mothers with illegitimate children) who are now receiving government help to the third and fourth generation and will continue to do so for generations to come. The government should get busy and pass legislation that would prohibit such women from receiving any welfare benefits after their second illegitimate child."

State welfare authorities are also alarmed over the rising rate of illegitimacy—3% of all live births in Utah during 1966—but are quick to refute the statement that public welfare programs are an encouragement of illegitimacy.

In associating welfare with illegitimacy the public's indignant belief far exceeds its actual knowledge. Recent surveys of the state's AFDC caseload point out that 87% of all children on welfare were born legitimately.

Of the 13% born illegitimately, the large majority or up to 90% of these children were born before application for public assistance was made. A large portion of the remaining 10% of the illegitimate births were conceived before application for public assistance. Actually, the Welfare Division only paid medical costs for about 90 illegitimate births during all of 1966.

This is an insignificant number when compared to the 5,600 families on the AFDC Welfare Program and over 23,000 total live births in Utah during 1966.

It would be impossible to prove that the possibility of future financial aid influences the unwed mother at the time of her child's conception.

There are, of course, some exceptions. It's the few cases of this type which bring criticism on the entire AFDC Program.

Most welfare caseworkers who deal with unwed mothers on public assistance regard the "business" of illegitimate children for more welfare money a myth that makes little sense—especially to the mother on welfare. In Utah, a recipient mother with two children receives a total assistance payment of \$5.43 a day. (\$163.00 per month)

Based upon consumer price index studies, and studies conducted by the U.S. Department of Agriculture this amount falls far below the level of income considered necessary for a minimum standard of living for three persons. The \$5.43 must purchase rent (\$41.00 per month) food, (\$57.00 per month), clothing, personal, care, utilities and household supplies, school needs, furniture, recreation, and all other necessities of life.

For an additional child the mother receives \$.70 per day and will receive less than this for a fourth, fifth, or sixth child.

Obviously, the increase in assistance money is not the motive behind having illegitimate children. Emotional insecurity and instability plus inadequate home training and poor personal judgment lie at the root of the growing rate of illegitimacy. Out-of-wedlock births are no respecter of any economic or social levels, it's a problem experienced by all income and cultural groups in our society. Welfare authorities point out that the State Welfare Program ultimately becomes involved with only a small percent-

age—one out of every eight—of the state's illegitimate birth.

The problem is one which belongs to the whole community—to all individuals and families, all social agencies, schools, churches, professions.

Most important, every legislator should try to understand the factors that can lead to illegitimacy. Nobody, of course, can put his finger on one specific cause. But legislators should keep in mind certain points: Young people are growing up in a cold-war world that has little stability. Their unease is a reflection of worldwide unrest. Youth has never found it harder to acquire a sense of personal security. Both the home and the community are losing the ability to provide this sense of security.

Americans are radically becoming a mobile people, moving their families from town to town, from one end of the country to another. This cuts ties with relatives who might give moral and other supportive help as was more common in past decades. And, again, it tends to deprive a child of the security that comes from steadiness.

Movies, television, and magazines that emphasize sex and aggression tend to stimulate young people and place lowered moral codes before them. They are not taught the importance of accepting frustrations, and the long-term rewards of developing self-control.

One approach to the problem is in a stronger parent-child relationship and in the return to our old standards of family ties and family feelings.

In line with this, there is the problem of reaching families before trouble happens and working with parents who are not able to give their children security and affection. The proportion of this type of parent in ratio to population far exceeds the average person's estimate.

Extended parent counseling services would help, but would probably make only a small dent in the problem. Inadequate parents are difficult to reach; only a few will go to agencies for counseling or accept another person's guidance.

We have to start with the child. We should be doing much more in the schools, in public welfare programs, and in our church programs to detect maladjustment which is the danger signal of a potential illegitimacy problem. We must come to know the child and his home situation on an intimate level. Detection is needed to prevent social ills, just as it is needed with physical ills, just as it is needed with cancer.

N.A.S.W. therefore recommends more personal and family guidance resources in and available through schools, public welfare, and churches—more trained persons who could pick out potential unwed mothers and provide professional preventive and corrective casework services. Perhaps even before this, is a more basic need—the need to discover all of the "whys" of the problem. We need far more answers than we now have.

Most unwed mothers do not need public assistance and do not seek aid, either financial or professional counseling services. But the minority who do, the State Division of Welfare has a serious responsibility. If the responsibility is not met, the problem doesn't disappear, it becomes greater.

An unwed mother is a lonely unhappy person. She usually is condemned by the community for her pregnancy. Often she has no one to turn to for help, although she greatly needs help and comfort. The physical needs of an unwed mother are the same as those of the married mother—she needs shelter, food, clothing, medical care, and moral support. The married woman receives these, but the unmarried mother's needs are often met only grudgingly and usually partially so.

The married mother looks forward to the birth of her child joyously while the mother with an illegitimately conceived child is frightened and depressed. She may vacillate

between the desire to keep her baby and the thought that the baby would have a better life if given away for adoption. There is a great deal of suffering for the mother without a husband. And there are those who believe she should suffer because she has done wrong; she is "bad."

No person, however harshly he might treat unwed mothers, would believe their children should be punished for the circumstances of their birth. They must be cared for on the same basis as other needy children.

The Aid to Families With Dependent Children Program is one way citizens of the state help an unwed mother and her illegitimate child. The program focuses on the welfare of the child—to keep the child with the mother on the theory that a mother's love is preferable to life in an institution or a substitute home. Only a few children in the AFDC Program have been born illegitimately. (About 13%.) County welfare offices are usually requested to help the expectant unwed mother after the fact; they work with the mother's immediate needs and do what they can to prevent further pregnancies.

The purpose of the AFDC Program is to help care for needy children in their own homes who are deprived of the support of a parent because of death, divorce, desertion, separation, or because the family breadwinner is unemployed, physically handicapped, or in an institution such as a hospital or a prison.

It is of particular importance that a mother provide a suitable and wholesome home for her children. Welfare caseworkers feel strongly about this. They are aware of the emotional damage that can result when a child is removed from his family, and a caseworker will do everything possible to help a mother correct a child neglect problem.

When a neglect situation demands it, a family may be referred to the Juvenile Court and there is the possibility that the court will order a foster care placement for the children. It's in this category that the critics of AFDC have a heyday. They will point to one mother who entertains men and throws booze parties when the AFDC check comes in and condemn the entire program.

Welfare caseworkers are the first to admit that families of this nature are not unknown. But they flatly deny that it is a common practice. These few cases are those who receive public attention, and this builds up a false image of all AFDC mothers. The president of a bank may abscond with all of the bank's money, but it doesn't mean we should think all bank presidents are crooks.

AFDC laws require caseworkers to make regular home visits and make other contacts with families. They must determine individual social problems and move professionally to correct them. Caseworkers contact schools to determine whether a child is attending regularly and inquire about his school performance. They find out whether he appears well fed and properly clothed.

A neglectful mother finds it difficult to hide her neglect should she desire to do so. Neighbors or relatives call the Welfare Office, local officials hear about the problems; and if they are true, neighbors, relatives, and officials demand that some action be taken to correct the conditions. These incidents, however, are very rare in Utah.

In providing assistance for the unwed mother, caseworkers stress concern for the welfare of the child and respect for the dignity of the individual. It is by maintaining a mother's dignity and feeling of worth as a person that she can best be helped to help herself. To force her into the labor market when she believes a mother's place is at home by the side of her children is to destroy the dignity of motherhood in our communities.

Financial assistance is provided so that the mother and child can meet the neces-

sary expense of living. Medical costs are met, and if the mother is in need of psychiatric help, she is referred to a clinic. Although financial aid is the most publicized part of the AFDC Program, casework and other social services is the cornerstone.

Some girls come to the Public Welfare Program in a pretty desperate condition. Their families and friends often reject them, and they don't have anywhere to turn but the Welfare Division. For most it is a last resource, since they have no other place to go for help.

Some of the practical things done by welfare caseworkers with an illegitimately pregnant girl are helping the parents and their pregnant daughter accept the reality of their situation with as little incrimination and self-blame as possible, helping the mother plan for the birth of her child, arranging for medical care, etc.

The mother may want to go to a family-care type of home pending the child's birth. She may wish to release her child for adoption, and the caseworker will help her to reach a decision and follow the necessary procedure. She may also need guidance on how to file legal action against her child's alleged father. HR 1280 would torpedo much of this basic service to a mother if she should happen to fall in the wrong "percentage" grouping.

While we don't condone the act that caused a girl's illegitimate pregnancy, we accept the unwed mother as a very hurt, troubled, unhappy and anxious girl who needs her family, her friends, and her community more than at any time in her past life. The last thing she and her unborn child needs at this point is to be personally judged and condemned for the difficulty they find themselves in. The proper development of the child will depend in a large measure upon the degree of its mother's stability as a human being. The punitive and coercive provisions of HR 1280 completely ignore this principle.

The AFDC Program provides for counseling when a mother is faced with daily problems too big for her to cope with. With the help of a skilled caseworker she may be saved from going into worse situations—and perhaps from becoming one of the "repeater" unwed mothers.

Families don't stay on the AFDC Program long. The average family receives assistance about 20 months. For the most part, welfare families find the means of self-support themselves and are glad to get off the welfare rolls. Many AFDC mothers marry, or seek employment as a matter of personal choice and desire.

Contrary to popular belief, only about 4% of all welfare cases in Utah represent second or third generation welfare recipients, and the percent of Utah's population on welfare rolls is at one of its lowest points. In 1940 over 9% of the population was on welfare. In 1950 it had dropped to 4.2%, and in 1966 the ratio stood at 3.6%.

During the 1965-66 fiscal year the Utah Division of Welfare opened 16,265 cases and closed 19,035 cases. Its program is rehabilitation and service oriented. HR 1280 would in its present form, throw the program into chaos. Agencies that help the unwed mother haven't caused the problem; they've inherited it. The Aid to Families With Dependent Children Program doesn't increase illegitimacy, it tries to provide for the fatherless children and families which are the result of something wrong in society.

The Utah NASW Chapter membership firmly believes that HR 1280 unless appropriately amended, is contrary to the best interests of the 18,000 Utah children now in AFDC recipient households. We understand that our State Delegation to the House of Representatives did not consult with Utah Division of Welfare leaders before voting in

favor of HR 1280. We would hope that our U.S. Senators will feel it appropriate to do so.

Sincerely yours,

JAMES P. WHEELER, *President.*

LETTER FROM UTAH DIVISION OF WELFARE
STATE OF UTAH,

DEPARTMENT OF PUBLIC WELFARE,
Salt Lake City, Utah, September 13, 1967.
Re Proposed Amendments to the Social Security Act (H.R. 12080).

Hon. RUSSELL B. LONG,

U.S. Senate,

Washington, D.C.

DEAR SENATOR LONG: As Director of the Utah Division of Welfare I wish to protest certain provisions in the Public Welfare Provisions (Title II) of the pending Social Security Act Amendments of 1967 (H.R. 12080) now before the Senate Finance Committee. In taking this action I represent not only myself but the official position of the State Division of Welfare staff who have studied the new legislation and who have over the past years demonstrated a high degree of professional competency in public welfare administration.

It is our conviction that the present bill, while making additional funds available for programs such as day care, foster care, and social services for needy children in their own homes, creates coercive, punitive, and discriminatory conditions hostile to the welfare of children and the promotion of sound family life. More specifically, we cite the following two provisions as an erroneous attempt to reduce the welfare burden and to force and restrict the indigent into self-sufficiency.

1. *The requirement that all adults on assistance, including mothers and out-of-school youth over 16, engage in work and training (unless specifically exempted for exceptional circumstances) as a condition of receiving assistance.*

Under this provision children would be summarily punished because of the hesitancy of their mother to leave them in the care of others. Refusal of a mother to enter or prepare to enter the labor force of her community could mean:

A. The family being dropped from assistance.

B. The family's assistance grant would be severely reduced by eliminating the mother from calculation of the family budget.

C. The children could be removed from the home by court order and placed in foster care.

The citizens of Utah have advocated and supported, through public welfare and other legislation, the need of children to be cared for in their own homes and the necessity of a mother's presence and love. It is contrary to the best interests of everyone to force all AFDC mothers to seek employment as a condition of eligibility for public assistance. In many families the mothers should remain at home for the best interests of the children.

It is the exceptional woman, with many personal strengths, who can prove adequate to meet the basic emotional and life-preparatory needs of her children while at the same time following a full-time pursuit outside the home. This requirement of the bill would serve only to discriminate further against Utah's most vulnerable group of children—those who not only live in poverty but who are also deprived of the care, guidance, and emotional support of two parents.

Mrs. ALGIE E. BALLIF,
Director, Division of Welfare.

STATEMENT BY HON. JOHN A. VOLPE, GOVERNOR,
STATE OF MASSACHUSETTS

The original concept of AFDC was to keep families together. Section 201, by requiring that mothers enter the labor force, unless they can show good cause for not doing so, would negate this concept.

While mothers of school-age children should be encouraged to find employment,

this should not be required of mothers of pre-school-age children.

The recommended expansion of day care services is an excellent provision. Many of the AFDC mothers could be trained to provide these services.

This appears to be the best plan for mothers who are seeking work, or who require day care for their children.

Safeguards should be provided so that no pressure is put upon mothers to leave their children in order to go to work. The wage incentive provisions of H.R. 12080 are excellent and should be most helpful in encouraging AFDC recipients to enter the labor force and increase their jobs skills, removing them from AFDC rolls at an early date.

Mr. METCALF. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD a telegram addressed to me by G. E. Leighty, chairman of the Railway Labor Executives Association on yesterday.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
December 13, 1967.

Senator LEE METCALF,
U.S. Senate,
Washington, D.C.:

The Railway Labor Executives' Association representing virtually all of the railroad workers in the United States concurs fully with the position of the AFL-CIO taken in their telegram of 12/11/67 on the pending social security legislation. We ask that the social security legislation be returned to the conference committee in an attempt to develop a just solution to the problem of the Nation's retired and poverty stricken.

G. E. LEIGHTY,
Chairman, Railway Labor Executives
Association.

Mr. METCALF. Mr. President, the Senator from Oklahoma, the Senator from New York, and others speaking about various provisions of this bill, discussed some of the other amendments that should be considered more carefully and more thoughtfully before the conference report was adopted. I wish to mention one especially. I have mentioned it before. That is the amendment on disability.

The Senator from Louisiana himself admits that this is an amendment which is regressive in nature. I offered an amendment in committee that would have changed the definition of disability to conform with definitions that are universally adopted in the various States by workmen's compensation commissions and by courts, in interpreting workmen's compensation laws. That amendment would have changed the definition so as to liberalize it, in part.

When we came to the floor, in the course of the debate on the bill, I offered an amendment to reject the House language and go back to the existing language in the act we had adopted in 1965. That amendment was agreed to by a substantial vote of about 2 to 1 here on the floor of the Senate.

The Senate conferees did not prevail in that, and went back to the disability program that is sought to be put into effect under the House bill.

Now, in Montana, for example, we have a provision for disability for those people who suffer silicosis, who have acquired silicosis as a result of working in the

mines, and are incapacitated and unable to do any other excessive work. I know silicotics who, in walking up and down the streets of Butte and Anaconda, Mont., have to stop and rest and catch their breath at every other parking meter on the block. Yet those people, under State law and by definition of the workmen's compensation law, are unable to receive their benefits if they are under retirement age, or unable to retire with total disability when they reach the permissive retirement age, because, under the present definition, there is some work in the national economy that they might be able to do.

This was the same sort of thing that was the subject of the case I previously cited, the West Virginia decision which is incorporated in the RECORD, where the man who was a former coal miner had suffered injury and disability in the mines and was in constant pain, was unable to sit or stand or even lie down for more than a few minutes, and was employed as a dishwasher; and, since he was employed as a dishwasher, he could not qualify for total disability.

That case, the case of Lefwich against Gardiner, a Federal circuit court decision, was put in the record, and was cited in the hearings.

Every State, in its compensation program, has such definitions of total disability, which are rejected by the Department of Health, Education, and Welfare under a definition of disability that is completely unfair, does not relate at all to the needs of the disabled person, and has no analogies at any other place in the law, or in the regulations of the Veterans' Administration or other agencies of the Federal Government, or, as I say, in agencies of the State governments where a definition of disability is found.

When we tried to correct this situation in 1965, we tried to take care of some of the disabled people who would lose benefits in the last years of their working lives as a result of the fact that they were so permanently disabled that they were unable to earn any social security credits.

In the conference bill we take a long step backward, a step back of 1965—even a step behind the former law.

Again, if that were the only thing objectionable in this bill, I would suggest that perhaps we could cure it by legislation the next time around.

I might mention that that Leftwich case was not appealed by the Justice Department; instead of trying to obtain correction in the courts of what they considered an erroneous misinterpretation of the definition, they appeared at the conference, and the Senate and House conferees very meekly changed the judicial decision.

Many of us offered amendments in committee. Many of us offered amendments on the floor. Many of those amendments, as I have previously pointed out, were adopted, sometimes by a vote of 2 to 1, sometimes by a vote of 3 to 1, and sometimes unanimously. All of these amendments which required an additional expenditure were rejected by the conference committee.

We got one-half of 1 percent more than the House provision for social security payments, and the conferees raised the amount from \$44 to \$55 when the administration was asking for a minimum of \$70.

Those are almost the only real benefits that have accrued as a result of the passage of the pending conference report.

Mr. President, the bill is overfinanced. Experience will show that the financing and taxing aspects of the bill will bring in more than \$4 billion over what is being brought in at the present time. Experience in the future will show that the amount of money that we are allowing for social security beneficiaries will not take care of the rising cost of living until the next social security bill is passed.

Experience will show, as we go to the States, that many of the people who are recipients of both welfare and social security will not get one dollar's worth of additional benefits under the bill.

In the 16 States in which they received a \$5 increase as a result of the last social security increase, they can only receive \$2.50 of benefits under the Welfare Act.

So, those experiences can be corrected. However, experience will show that beginning in July next year, hundreds of thousands of children in America will be hungry. The Senator from New York suggested that the number will be between 300,000 and 500,000.

Thousands of women will be taken away from their homes and required to go to work.

Thousands of children will be in day-care centers, with more or less competent people in charge, but they will be taken away from their homes and put under the care of strangers.

It was decided in the committee after considerable debate that mothers who are in charge of children under the age of 6 would not be required to take any job in industry.

An amendment was offered by me on the floor, and unanimously agreed to, that other people acting in the place of mothers, older sisters or aunts, would have the same exemption.

The Senator from New York then suggested that perhaps we could be even stronger, and he offered an amendment to provide for other exemptions.

Experience will show that next year these people will be hungry. We will have mothers who will be leaving their homes. We will have fathers who will not be able to draw benefits.

That is why I feel that if we could have taken the bill to conference and explained the detrimental provisions of the bill to the Members of the Senate and had additional time to discuss the matter further and read the various comments of people who do know the impact of this legislation, it might have made a difference in the vote.

I declare now that I am going to join with the Senator from New York [Mr. JAVITS] and others in the statement that this is not the end of the ball game. It is just the end of the first inning.

The Monday after next will be Christmas. Most of us will be digging out old toys and painting them and fixing them

or giving them to firemen to paint and fix up for the children who will not have much in their Christmas stockings. And Santa Claus will visit them only temporarily.

A lot of us will be walking up and down the street and dropping a couple of quarters or a dollar bill into the Salvation Army pots and making other contributions for Christmas turkeys and dinners for mothers and fathers and children who are poverty stricken.

However, long after those toys are broken, long after that paint has scaled off, and long after the last Christmas turkey sandwich is gone, there will be boys and girls in America in the streets, and mothers in the homes who will be hungry and destitute and poverty stricken because we have taken this action today that requires a vote in favor of this bill tomorrow.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HART in the chair). Without objection, it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I rise in support of the conference report of the Social Security Amendments of 1967. I wish to commend the members of the conference committee for the effective work they did in reaching agreement. The bill they have given us may not be all that all Senators might have wanted, but it is a good bill. It is positive, progressive legislation. I believe the Senate should approve it promptly.

A minimum increase in the level of social security payments of 13 percent is provided. The basic payment of \$44 will be increased to \$55, which is an increase of 25 percent.

A person receiving today's maximum payment of \$144 will get \$160.50. A married couple now getting the average social security of \$145 will see that figure increased to \$165.

These increases were overdue, and while they still may not be as much as we would like them to be, I believe they will prove very helpful to the retired and the elderly who depend upon them.

Since July 1965, when the last social security increases were provided, the cost of living has increased some 8 percent, so that the increases we have the opportunity to provide here are actually greater than the higher cost of living.

There are approximately 24 million older citizens, widows, orphans, and disabled persons who will benefit. They will realize \$3.6 billion a year in the aggregate. This will be new purchasing power in the economy. But the greatest argument in favor of providing the increases is simply that our elderly retired and other recipients need the money.

Making these benefits available to those who depend upon social security, Mr. President, should be done as soon as possible. The needed increases should

not be jeopardized by resistance to the welfare aspects of the bill.

I do not believe, Mr. President, that the opposition that has been expressed to the provisions aimed at putting welfare recipients to work is soundly based. On the contrary, I think the objective is a highly desirable one.

I do not believe this body should be intimidated by any suggestions or any threats that if these welfare provisions are adopted we will have more trouble, more riots, in the cities next summer. We simply cannot afford to gear the law-making process to any such considerations.

There is a real chance, on the other hand I think, that persons on welfare may be helped and may be encouraged to help themselves. I think these provisions offer an opportunity for self-betterment. This is an incentive program, not a program of oppression, as some apparently believe.

May I point out that item 2 under the public welfare and health amendments section clearly states, on page 15 of the summary of the Social Security Amendments of 1967, that "any person with illness, incapacity, advanced age or remoteness from a project that precludes effective participation in work or training" would not be included in the work program; nor would—item 3—persons be included "whose substantially continuous presence in the home is required because of the illness or incapacity of another member of the household." There is no intent here to work a hardship on anyone.

I may say that I am disappointed that the conferees saw fit to drop my amendment which would have permitted voluntary retirement at age 60. I would have liked to see that provision retained in the bill.

But I make the obvious point that increasing the benefits to keep social security payments more in line with the actual costs of living is the overriding consideration now. In the future I hope that we can make other improvements.

This bill, Mr. President, as it relates to the increased benefits under the old-age, survivors and disability insurance system, is actuarially and fiscally sound, we are advised. It provides benefits for additional categories of individuals. And it improves the public assistance program and other related programs, as I have already mentioned.

Mr. President, there are far too many amendments for me to discuss separately, and I do not think that further discussion is necessary on my part, except to reiterate that the benefits provided by this bill have been kept wage related, which is the best insurance for the social security program for the future. As long as the benefits are kept wage related, I think the social security system can continue into the future as a financially responsible program as well as a humanitarian one.

Mr. MONDALE. Mr. President, I again wish to express my profound disappointment with the conference report on H.R. 12080, the Social Security Amendments for 1967.

The report is a sorry response to the increasing needs of the elderly, the dis-

abled, the blind, and the poor. Many of its provisions are punitive and repressive. They show we have not learned from past experience.

Mr. President, I am in favor of increased social security benefits at almost any cost. Elderly people are not getting enough money to keep up with rising costs and with rising standards of living.

What does the bill do for them?

It increases their social security benefits, but only by a small amount. And that is all it does for them.

What does the bill do to hurt them?

It provides a small raise in benefits which only gives Congress an excuse for not acting on social security again for several years.

It gives local governments the continued opportunity to cancel out the effects of social security increases for recipients of old age assistance by making a corresponding cut in welfare benefits.

It gives the low income wage earner a disproportionate burden of the social security costs because social security taxes are not to be paid on the part of an individual's income that exceeds \$7,800 a year.

This social security bill is an attempt to win the votes of a large number of Americans who will feel their representatives have done something for them. But their representatives have given them far less than they should have.

Mr. President, a good many of the Members of this body have risen to speak about the urban crisis in the past few months. We have talked at length about what can be done to develop new programs aimed at alleviating the despair and frustration rampant in our ghettos. Most of us agree that new approaches are necessary. Yet this bill takes us backward to the centuries of insensitivity to the problems of the urban and rural poor.

HISTORICAL BACKGROUND

Society since the Middle Ages has recognized a duty to assist the poor, the destitute, and the indigent.

The first legislative action taken was in 1601, in England, with the passage of the Poor Relief Act.

This legislation established the nature and techniques of governmental responsibility for the care of the poor. The 1601 act acknowledged governmental responsibility for the care of the destitute, and delegated the provisions of such aid to the smallest unit of government.

The act also established other precedents, but negative ones. It reflected the sentiment that poverty is a personal disgrace caused by individual laziness, moral weakness, or individual or personal shortcomings. This attitude characterized welfare legislation and welfare programs in the United States until the New Deal.

The great depression of the 1930's marked a major watershed in the development of public welfare policies, as it did for many other public policies. The depression brought new types of public welfare programs and the expansion of State responsibility and participation.

Likewise, as a result of the depression, the Federal Government initiated large-scale participation in welfare policies, es-

pecially in financing programs, with the adoption of the Social Security Act in 1936. For example, in 1930, 91.3 percent of all public expenditures for assistance and work programs were at the local level; the rest was paid for by the States. By 1932, the local percentage had dropped to 60 percent while the State portion had increased to 21.9 percent and the Federal Government was now financing 17.5 percent.

In 1936, the year after the passage of the Social Security Act, 77.4 percent of all public expenditures were at the Federal level, 13.4 percent at the State level, and 9.2 percent at the local level.

This, of course, was one of the most dramatic shifts from the Elizabethan poor law philosophy. The local unit of government, many times overburdened by large numbers of poor people, would no longer be the chief of source of revenue for aiding the poor. Instead, Congress recognized that the problems of the poor were national in scope.

The depression also brought about a change in attitude toward the welfare recipient.

As we experienced a severe depression, people realized that it was not laziness or some inherent quality that caused a person to be poor. Rather, in many instances, poverty was a result of economic forces that individuals could not control. Programs were established to help people who fell within certain defined categories. Congress recognized that there were people who, by the very nature of their classification in a certain group, were more likely to require financial assistance in order to continue to be able to provide for themselves.

Four major categories of citizens are now recognized by Congress for receipt of special assistance: the elderly—old-age assistance; the disabled—aid to the permanent and totally disabled; the blind—aid to the blind; and dependent children—aid to families with dependent children.

Mr. President, the compromises represented by the conference report would reverse the trend away from Elizabethan attitudes, and take us back to the 17th century. Perhaps this bill is the precursor of the reestablishment of poorhouses, debtors farms, and prisons for the indigent.

Let me explain my disappointment by discussing four aspects of the conference bill: social security; AFDC payments; the work training and unemployed fathers provisions; and the title 19 program.

I. SOCIAL SECURITY

At the outset, I want to make it clear that I favor increased social security benefits. But I do not favor this social security bill. This bill is a tax increase at the expense of the poor—a tax increase without hearings. I do not believe we should be satisfied with this bill. I believe we can do better. We must do better.

I want more social security, because I know what an increase can do for the poor in our Nation. More than a third of the poor people in this country are over 65 years of age. The only possible way of lifting this group above the poverty line is higher cash benefits from social security.

More than 23 million beneficiaries receive checks every month through social security. Social security insurance benefits now assist 18 million older people, 3¼ million children—primarily orphans—a half million widowed mothers of children or disabled or retired workers, 1½ million disabled workers and their wives, and since 1966, people who are 72 or older who otherwise are not eligible for insurance benefits.

More than 86 million workers currently are employed and paying contributions under social security. These contributions will buy them a retirement program, protection against serious disability, and life insurance if the major breadwinner in the family dies.

Mr. President, one in every nine Americans receives social security benefits in some form. These people know how far benefits have lagged behind the increases in living costs. They also know these benefits have lagged even farther behind the better living standards most Americans enjoy.

Since 1940 social security beneficiaries have been fighting a losing battle with the cost of living. Social security benefits have been increased five times during this period. But living costs have increased much faster. Neither the social security benefit increase in 1959 nor the one in 1965 matched the increase in living costs since the previous benefit increase. The 8.3-percent increase in the consumer price index in 1966 was the greatest in 15 years. And 1967 has kept a similar pace.

An example will show what this means for the average retired American. The average monthly benefit today for a worker who retired in 1954 is \$76, but for him to buy the same goods and services that his benefits would have purchased 13 years ago, he would now have to be receiving \$82. A 13-percent social security increase as proposed in the conference report would allow him to buy the same goods and services that he could get in 1954. But this increase does not allow him to keep up with today's standard of living. But to keep pace with wages of employed workers, he would have to receive \$104, which is a 37-percent increase over the actual benefits of today.

The problems of inflation aside, the fact is that the average person on social security can barely eke out a subpoverty level of living. The poverty standard is \$1,170 for a single aged individual and \$1,850 for an elderly couple. The average social security beneficiary is below even the poverty subsistence level. Annually, a single aged person now averages only \$1,008 and a couple \$1,716.

The main retirement income protection for most elderly Americans comes from social security. Less than 15 percent of those 65 and over receive private pension payments, and those private pensions count for only 3 percent of total income for those people. Even 15 years from now, social security will still be the only pension income for 70 percent of the people. The median income, including all income sources, was \$1,130 in 1966 for single persons over 65, and \$2,875 for couples. Thirty percent of the elderly couples received less than \$2,000 a year.

Furthermore, many people do not real-

ize that when social security benefits go up, welfare payments are likely to go down. Many elderly people think they will get the full benefits of 13-percent increase in social security or a minimum of \$55. But many of them will not get this increase.

There is a provision in the bill that the additional amount of money obtained as social security payments can be taken away if one is on welfare. The increase in social security benefits will be matched by a decrease in welfare benefits.

Many States have a practice of reducing welfare payments by the same amount as any increase in social security. An example of this was given by the distinguished Senator from Montana [Mr. METCALF] the other day when he told the story of an 84-year-old man who has been retired for a number of years. This 84-year-old man draws social security benefits of \$62 a month and welfare benefits in the amount of \$48 per month, a total of \$110.

He writes:

In the past, each time social security payments have been increased, my welfare check has been decreased in the same amount, I do not have enough to properly take care of myself at the present time.

This 84-year-old man, and others like him throughout the country, may very well find that their old age assistance checks will be reduced by an amount equal to the increase under the conference bill.

Last month's Senate bill was intended to counter this situation. The bill contained a mandatory increase of \$7.50 a month in welfare payments for the aged, the blind, and the disabled. This provision was intended to guarantee that the social security increase would not be knocked out for thousands of old people when local and State agencies reduced old-age assistance checks by a corresponding amount. But the conference bill does not contain that safeguard. State and local governments retain the opportunity to continue as they always have, to cancel out the effects of the social security increase.

If present social security payments allow a majority of single persons and nearly 30 percent of all aged couples to exist only under conditions of extreme poverty, why am I opposed to this increase in social security?

I am opposed to this bill because I believe we must have a better one.

One that will provide substantial benefits in cash.

One that will eliminate the opportunity for States and localities to cancel the increase by reducing old-age assistance payments.

One that is not coupled with welfare restrictions that hamstring inadequate programs.

We are fighting a war on poverty. The elderly comprise one-third of the poverty group in America. A bill that truly helps them is a victory in the war. If we settle for a lesser bill, if we compromise our position, it will be a long while before the Senate again has a chance to help the poor and the elderly.

There is another reason for my concern about the conference report. As the

conference bill stands, the Social Security Act is overfinanced. The cost of the benefits in the House version was \$3.2 billion, while the cost in the Senate version was \$5.8 billion. The conference bill costs \$3.6 billion.

The conference bill will produce a surplus of \$1.850 billion in calendar year 1968. The Senate committee level of benefits would have produced a surplus of \$1.230 billion, and the version passed on the Senate floor would produce a far smaller surplus.

The conference report cuts benefits by \$2.2 billion when there is no decrease in payroll taxes. This item is a bill which is actually a back-door tax measure.

The cost to the taxpayers is the same in the conference bill as it was in the early Senate bill, but the benefits are far less. The Federal Government gets to keep approximately \$620 million which it would not have had otherwise. This definitely appears to be a method to increase the tax burden of Americans without commensurate benefits.

We may need a tax measure to dampen inflationary pressures in our economy. However, without hearings, and without adequate benefits, I do not believe that American wage earners should pay such hidden tax.

But this is not all. The American taxpayer may also find himself faced with an increase in local real estate or property taxes as a result of this bill. Such a tax might very well be levied by local governments to meet the increase in welfare expenses which they will face, as a result of decreased Federal participation in financing of welfare programs under this bill.

There is a further reason for my negative feelings about the bill—the wage base provisions.

"The poor pay more." Usually this phrase refers to consumer practices. Strangely, under the conference social security bill, the poor pay more.

This happens because the conference report allowed a wage base of \$7,800 to replace a sliding scale the Senate had proposed. Social security taxes are paid on earnings up to the limit set in the wage base. People who earn more money than the wage base figure, do not pay social security taxes on the excess salary above, in this case, \$7,800.

Consequently, those who earn under \$7,800 pay a larger share of their income for social security benefits than those who earn more than \$7,800. The social security taxes themselves have to be higher when there is a lower wage base, because the cost of the program remains the same but the wages available for taxing are limited.

The original social security wage base in 1935 was \$3,000. When the program began, about 95 percent of the persons in the program had their full earnings covered. For the same percentage of Americans today to have their full earnings covered, the wage base would have to be increased to around \$15,000.

Because of the failure to raise the taxable wage base to reflect increased earnings of workers, there has been an erosion in the adequacy of benefits in

relation to earnings. Large numbers of workers are not receiving benefit protection related to their full earnings.

It is imperative that the program cover the total earnings of the larger majority of workers so that their retirement benefits, which are based on covered earnings only, will be related to what they actually earned. If an unduly low ceiling is placed on the benefits paid to moderate- or high-wage workers, they will be forced to suffer drastic reductions in their living standards when they retire.

The \$7,800 base proposed by the conference committee would increase to about two-thirds the proportion of workers whose full incomes are covered. But this proportion is projected to fall to about one-half again by 1974.

The administration and the Senate proposed to finance social security by a three-step increase in the taxable wage base to \$7,800 in 1968, \$9,000 in 1971, and \$10,800 in 1974.

Such a higher wage base would improve the relation between a worker's actual earnings and his eventual social security benefit while providing additional income to improve the program further. In past years, increased coverage partially made up for the decreasing proportion of taxable payroll.

But social security is now virtually a universal program, and the possibilities of expanding coverage in the future are few. The sliding Senate scale would have kept about two-thirds of the payroll covered by a wage base through 1974.

Additionally, a sliding wage scale would allow a lesser increase in the social security tax rate.

The administration proposed to finance the social security benefits in two ways. There would be an increase in the scheduled contribution rates on each party of 0.1 percent on January 1, 1969, and an additional 0.05 percent on January 1, 1973, for a total increase of 0.15 percent. In addition, there would be the three-step increase in the taxable wage base.

The House improvements require a higher tax rate because of the lower wage base; the eventual social security contribution rate with a wage base of \$7,800 will be about 0.25 percent unless the number of benefits financed by the program are cut or steps are taken to eliminate the present and projected surpluses in the fund.

If the wage base remains relatively static while earnings rise, social security contributions will be an ever-decreasing proportion of the total national payroll.

Higher benefits will require a higher tax on the decreasing portion of income. Since the tax rate is uniform, low-wage workers bear a greater cost burden when the wage base is frozen.

If the Senate will reconsider the Social Security Act, some revisions can be made in these financing provisions.

Finally, I find the social security provisions unacceptable because of the treatment given to Senate increases for special groups.

The Senate introduced a series of amendments or modified House provisions to allow an increase in benefits for

individuals aged 72 and over, for disabled widows and widowers, for those who chose reduced insurance benefits at age 60, and an increase in the amount an individual can earn and still be eligible for benefits.

None of these amendments were reported out of the conference.

The Senate increased the amount of special payments to certain individuals aged 72 and older who have no coverage or whose coverage is insufficient to qualify for regular benefits. The Senate provided increases of \$50 for single persons and \$25 for a spouse in this category.

The conference bill gave \$40 for a single person and \$20 for a spouse, an increase of \$5 and \$2.50 respectively from the House measures.

The Senate wanted to provide benefits for disabled widows and widowers at any age at a benefit rate of 82½ percent of the spouse's primary insurance amount. Again, the conference committee modified the Senate amendment to bring it in line with the House bill. The House, and conference version, provided benefits for disabled widows and widowers age 50 or over with benefits ranging from 50 to 82½ percent of the spouse's primary insurance amount depending on the age at which benefits begin.

The Senate's amendment to provide for payment of reduced old-age, wife's, husband's, widower's, and parents's insurance benefits beginning at age 60 was deleted by the conference.

Under the existing provisions of section 203 of the Social Security Act, if the beneficiary earns \$1,500 or less a year, no benefits will be withheld; if he earns more than \$1,500 in a year, \$1 in benefits will be withheld for each \$2 in earnings between \$1,500 to \$2,700, and \$1 in benefits will be withheld for each \$1 of earnings above \$2,700. The House bill increased the annual \$1,500 and \$2,700 cutoff points to \$1,680 and \$2,880, respectively. The Senate amendments increased the cutoff points to \$2,400 and \$3,600 under the old social security law, no benefit is withheld for any month in which the beneficiary earns \$125 or less in wages and does not engage in self-employment. The House raised the monthly figure to \$140 and the Senate increased it to \$200. In conference, the Senate receded.

In dollars and cents the social security benefits coming from the conference compromise are an across-the-board increase of 13 percent. The House had approved a general increase of 12.5 percent while the Senate raised the figure to 15 percent.

The minimum monthly benefit coming from the conference was \$55. The current minimum monthly benefit is \$44. The House had approved a raise to \$50, while the Senate version approved a raise to \$70.

The numbers involved in these compromises clearly indicate that the conference committee leaned heavily toward the more conservative House version on the increase in social security benefits. In fact, it is a little difficult to call the result a compromise.

My record in the Senate is one of favoring increased social security benefits.

I voted for the Senate bill which provided an across-the-board increase of 15 percent in social security benefits and which would have raised the minimum monthly benefit to \$70.

I cosponsored an amendment which would have raised the minimum monthly benefit to \$100.

I am in favor of social security, in favor of increased benefits, in favor of eliminating burdensome restrictions. But, Mr. President, I am not in agreement with the regressive provisions of this bill.

Let me read you a letter I received yesterday from Mr. C. J. Obert, of Minneapolis, Minn. It reflects the opinions of the elderly of this Nation:

A funny thing happened to the new Social Security bill from the Senate to the House. This bill was not even recognizable after the mutilating the House gave it.

I'm sure I'm speaking for all the Senior Citizens in your home state when I ask you for help in this very important bill to us.

II. AFDC PAYMENTS

I have said the conference report takes us back to the days of the "Poor Laws."

This is true especially of the "freeze" on the number of eligible children for Federal AFDC participation.

The conference bill places a limit on the extent of Federal financial participation in the AFDC program. It states that the Federal Government will set a maximum contribution which will be equal to the proportion of all children in the State under 18 who are receiving aid to families with dependent children as a result of the continued absence of a parent as of January 1, 1968.

I am opposed to this section of the bill for five separate, but related reasons:

First, it is based on unproven assumptions.

Second, it leaves unresolved problems. Third, it transfers to the States responsibilities which should be shared by the Federal Government.

Fourth, it may be unconstitutional.

Fifth, the amendment clearly is punitive.

Unproven assumptions: Those supporting this measure assumed it would reduce the growth of the AFDC program, illegitimacy and broken homes. There is little likelihood the freeze will produce this result.

One cannot get something for nothing. We do not solve the problem of increased crime by limiting the number of police a city can have. We do not reduce fires by limiting the number of fire engines. Similarly, we cannot diminish illegitimacy and broken homes simply by reducing the financial assistance available to children of these homes.

The assumption of this provision is that AFDC children are receiving aid because of their mothers' illicit behavior with other men.

Evidence shows that curtailing AFDC payments does not end illegitimacy. Many States have used the "suitable home" policy to deny assistance to families where illegitimacy had occurred.

Edward B. Sparer, in his testimony before the Senate Finance Committee on H.R. 12080, discussed this point. He

reported that the State of Mississippi conducted a study on the effect of AFDC cutoff for the denial of eligibility on the grounds that a "suitable home" was lacking because of illegitimacy.

This study shows a vast increase in incidence of illegitimate births "following the families' exclusion from AFDC." This quote would seem to counter the arguments raised in the committee report.

The committee report implies that illegitimacy is a simple problem. We know it is not.

Illegitimacy is caused by poverty, lack of educational opportunities, lack of training and job opportunities, poor housing, and all those other factors that produce the psychology and sociology of the poor. To counter these conditions, the family must have adequate financial assistance.

If the committee had really been concerned with the problem of illegitimacy and family disintegration, it would have provided for a large increase in welfare benefits in order to give security to the family.

It would have provided for a mandatory AFDC-UP program in every State in the Nation to allow the unemployed father's family to be eligible for financial assistance.

It would have provided a dramatic program of family planning counseling and intensified counseling services to discourage promiscuity and dissolution.

Unresolved problems: The concept of a "freeze" does not take into consideration that there are factors other than illegitimacy and family breakup that contribute to the increase in the number of AFDC recipients.

There are, in fact, three areas completely outside the control of the public agency which may cause a dramatic increase in the number of AFDC recipients. They are: First, increased awareness of eligibility and changes in scope of program; second, migration and natural increase in population; and, third, changes in the economy.

INCREASED AWARENESS OF ELIGIBILITY AND CHANGES IN SCOPE OF PROGRAM

In a recent article in the New Republic, the then New York City Welfare Commissioner, Mitchell Ginsberg, is quoted as stating that there are nearly as many eligible families off the welfare rolls as there are on them.

If New York is any indication of the situation in the rest of the country, we could double the number of welfare recipients in each community if people were made aware of their eligibility.

Many private groups are now attempting to inform the poor of their rights under eligibility provisions for welfare. These same groups are also testing in the courts some of the restrictions which have prevented many families from receiving benefits.

Residency requirements are being challenged in California and other areas. If residency requirements are declared unconstitutional, hundreds of thousands of additional families will be eligible for assistance. These families will be eligible because of a change in the scope of the program, not because of an increase in illegitimacy or in family breakup.

Thus, by increased awareness of welfare programs and changes in the definition of program eligibility, there is a potential for relief rolls to swell.

MIGRATION AND NATURAL INCREASE IN POPULATION

Federal participation formulas are based on the percentage of children on welfare contrasted with the number of children in the State. There is no allowance for States experiencing large amounts of in-migration of poor families.

Thus, the State's hardest hit will be those that attract the poor to their large industrial cities and ghettos. States least affected by the freeze will be those that are losing their population of poor families.

The impact may be seen by looking at percentage increase in the number of recipients for selected States from May of 1966 to May of 1967. While the national increase was 10.4 percent, the fast-growing States of the West and industrial Northeast showed much higher percentages. In contrast, States in the Midwest showed increases less than the national average.

Those States which suffered heaviest impact: Wisconsin, 27 percent; Washington, 14.3 percent; Virginia, 13.3 percent; Vermont, 18 percent; Rhode Island, 14.1 percent; Oregon, 17.6 percent; New York, 22.4 percent; Nevada, 26.8 percent; Massachusetts, 15.8 percent; California, 18.9 percent; Colorado, 13.2 percent; Delaware, 16.4 percent; Florida, 17.4 percent.

Those States where the impact was the least include: West Virginia, minus 6.5 percent; South Carolina, minus 7.3 percent; North Carolina, minus 1.2 percent; Missouri, plus 1.5 percent; Alabama, minus 0.4 percent; Iowa, plus 0.4 percent; Louisiana, plus 5.9 percent.

Again this is a situation that is beyond the control of the locality. It is caused by economic and social forces which make one area of the country more attractive than another.

It has implications, however. Clearly, faster growing and industrial States will bear the brunt of the loss of support funds in this legislation. Moreover, if the residency requirements are declared unconstitutional, the impact will be even greater.

CHANGES IN THE ECONOMY

The "freeze" in this report assumed we will have the same level of economic prosperity that we are now experiencing. But if we suffer a recession or a depression, our welfare system will not be able to respond.

The number of families eligible for Federal aid has been set. Those added to the need list would have to be treated in a different manner, since there is no room for them under the proposed ceiling.

In the past, the welfare program has been used to offset declines in disposable personal income. It will no longer be available for this function under the provisions of the conference report.

Instead, we will be forced to enact emergency changes in the legislation to lift the freeze and pump additional money into the pocketbooks of our low-income consumers.

Mr. President, I feel that the so-called freeze on AFDC children neglects some important economic considerations.

The Finance Committee in the Senate gave consideration to these economic considerations and we agreed on the floor to the committee's recommendation. However, the House overlooked these recommendations and insisted that the concept of a freeze be included in the conference bill.

Effect on the States: The system of categorical aids established in the 1930's marked the beginning of the flow of Federal funds to the cumulative pot of moneys available to finance welfare programs at the local level. Under this legislation, the States run the program with grants from the Federal Government.

For many States, Federal funds make the difference between meeting standards of "need" as they define them, or providing no help at all. For all States, Federal funds help redistribute economic burdens so that more of those requiring financial aid may receive it.

By limiting the extent of Government participation, the freeze leaves the States with these unpleasant alternatives:

First. They can deny new applicants with the explanation that there is not enough money to cover the cost of assistance.

Second. They can change the eligibility requirements, by excluding persons according to new residency requirements or new waiting periods for absent parents.

Third. They can assume the full financial burden themselves for AFDC children above the "freeze" ceiling.

It is clear that these options trap the States. Few have the financial resources to support the public services they now maintain, much less the addition of further welfare expenses. The property tax can be stretched only so far. Thus, States and localities will be left with only three choices, each of which is punitive, restrictive, and goes against both the philosophy of welfare services, and commonsense.

Possible unconstitutionality of the law: The freeze provides Federal statutory authority for arbitrary exclusions from welfare programs.

If a State attempts to act upon the new Federal statute by denying aid to eligible children in excess of the permitted number, is this a violation of the equal protection clause of the 14th amendment? Critics of the freeze claim that it is.

Lawrence Speiser, Director of the Washington Office of the American Civil Liberties Union, said in testimony before the Senate Finance Committee:

We believe that the freeze in federal participation in aid to families with dependent children program is unconstitutional and denies equal protection of the law.

If a State grants aid to some needy citizens and not to others, such determination must be made on a more reasonable basis than "first come, first served." Establishing an arbitrary limit on the number of persons who may benefit from a law is indensible, irrational, and inconsistent with Democratic principles and the Constitution. The 14th amendment requires that there be rea-

sonable and not arbitrary standards for determining which individual falls within each class. *Brown v. The Board of Education*, 342 U.S. 483; *Yick Wo v. Hopkins*, 118 U.S. 356, 369; *Colorado and Santa Fe Ry. v. Ellis (Alice)*, 165 U.S. 150, 155.

The distinction drawn between needy children on the welfare rolls before the freeze as contrasted with those who may or may not be eligible after a certain date seems irrational. How can a State classify a child ineligible because of the freeze, especially, when that child meets every substantive test met by another child who is granted aid?

There are any number of reasons why the percentage of children in a jurisdiction receiving AFDC benefits may increase. A State is then faced with a choice of excluding some by means of tightened eligibility standards or denying aid arbitrarily to those who have applied after the cutoff figure has been reached.

Many States will feel pressure to trim their existing welfare rolls and follow a rigid policy of allotting vacancies on the roll. When assistance is arbitrarily denied and the persons affected are as fully qualified as other persons receiving assistance, the question of equal protection of the laws can be raised.

The freeze provisions may also affect the right to travel, which is a constitutional and protected right. If an indigent person cannot move to another section of the country because he then will not be eligible to receive certain welfare rights, his right to travel has been inhibited.

A legislative provision that gives rise to the constitutional question of equal protection of the laws can in one sense be said to be punitive. The entire tenor of the conference report's welfare provisions is one of punishment.

The limitation of Federal participation to children of deserting fathers is a punitive measure. It is a measure which blames children for the sins of their parents.

This legislation represents the kind of attitude which can incite riots. Thirty to 40 percent of the people in Watts and Harlem are touched by existing welfare programs at any given time. The national average length of stay on the welfare rolls is less than 2 years—20 months to be precise—so people on welfare compromise a constantly changing group. The potential number of those who may be affected by changes in the welfare system, therefore may far exceed 40 percent. Any tinkering with welfare strikes at the heart of urban areas.

About all the residents of big city ghettos need is another indication of congressional lack of concern for their problems. I believe that if we pass the social security bill with welfare provisions that have "punishment" written all over them—a bill that excludes so many, and destroys the hope of thousands more—we will be showing that very lack of concern.

We will be accomplices in the creation of conditions that invite urban destruction.

III. WORK-TRAINING PROVISIONS

Two years ago, the President warned: Unless we work to strengthen the family and to create conditions under which most

parents will stay together, all the rest—schools and playground, public assistance, and private concern will never be able to cut completely the circle of despair and deprivation.

The unemployed fathers and work and training provisions show our inability to comprehend the evidence, and act accordingly.

We know that welfare laws in many cities require that unemployed fathers in families otherwise entitled to AFDC must leave their families if wives and children are to receive public assistance. And we know what this has meant—increases in the welfare caseloads, and the breakdown of family structure.

Approximately 265,000 children were on AFDC this past May, for example, because of the unemployment of the father. By far the largest part of the AFDC growth over the past 15 years has been because of the absence of the father from the home.

Programs for unemployed fathers could help alleviate these problems. Only 22 States have so far taken advantage of the permissive legislative authorization; less than half of our States have programs to permit the unemployed father to stay at home with his family while he is investigating opportunities for work and training.

We listen to the evidence; we see the necessity for united families. We then refuse to act.

The conference report deletes the Harris amendment, which would have made mandatory an AFDC-UF program. Fathers in 28 States will still be required to desert their families in order to assure that their children have food and shelter until they are able to find employment.

In fact, the conference report worsens the situation for unemployed fathers. The reinstated House amendment excludes fathers who do not have six or more quarters of work in any 13 calendar quarter period within 1 year prior to applying for aid. This makes it impossible for States to reach those fathers who need help most—the hard-core, long-term unemployed.

Moreover, we force fathers who have jobs and lose them to penalize their children. The House amendment, retained in the conference bill would exclude the children of fathers receiving—or qualified to receive—unemployment compensation, from eligibility for AFDC payments.

We know the kinds of jobs ghetto fathers can get, janitors or bus-boys, with no job security; "last-hired first fired" assembly line work. Unemployment compensation payments are minuscule compared to the financial needs of families. If he loves his family, how can the unemployed father risk taking a job when he knows that if he loses it, his children may go hungry?

In fact, the conference report contradicts the bill's general emphasis on work for the whole family, in another provision. Under the Senate amendments, the first \$50 of the total monthly earnings plus one-half of the remainder for families receiving AFDC would have been exempted. The House amendment reduces this to \$30. If our intention throughout the entire measure was to encourage fam-

ilies to take jobs that will help them get off the welfare roles, why did we slash this important work incentive?

As if this were not enough, however, we also go on to punish mothers.

As Edward V. Sparer points out, a distinction has always been drawn in these programs between able-bodied men and mothers, with respect to work and training.

It is generally accepted as part of the structure of present federal and state welfare laws that the able bodied are required to accept work . . . A different situation exists with regard to mothers of young children on AFDC. The intent underlying our present Social Security Act is that the right to make the decision as to whether such mothers should work or not should not be taken away from poor mothers just as it has not been taken from other mothers in our society . . . H.R. 12080 would reverse the purpose of AFDC.

I do not believe there are valid generalizations in the field of welfare with regard to the merits or demerits of employment of mothers. Our experience is too limited; the results too contradictory. For many, work and training may be the answer. Experience with the OEO title V programs has demonstrated that in some cases work and training can lead to increased self-sufficiency. For others, however, leaving the home only increases family problems.

There is even some evidence that it may harm the children directly. Two psychiatrists, Drs. Frederick Solomon and Chester M. Pierce, assert that welfare children whose mothers are forced to work may reach adulthood mentally retarded or emotionally disturbed.

These psychiatrists are not quacks. They are members of a committee established by Congress in 1965 to study minority group children as part of the Joint Commission on Mental Health of Children. These physicians hold that depriving children of full-time attention by their mothers and substituting "institutional" day-care centers for children under 3 years of age could do life-long damage to their mental and emotional health.

Dr. Solomon sent me a telegram I wish to quote:

We beseech you to filibuster if necessary to defeat the welfare amendments to the Social Security bill. The mental growth of thousands of infants and children will be gravely affected by the absence of their mothers in compulsory work or training. Day care for children under age 13 is highly experimental and likely to be extremely dangerous if applied broadly. We feel the freeze on ADC payments is also unspeakably cruel. Your courage on this issue now will be justly rewarded by an easy conscience later.

Many factors affect a person's readiness for work or training at any given point in time. One is the mental, physical, and psychological ability to perform the expected work. Another is attitude. A third is family circumstances. A fourth is ability to pay the incidental expenses involved. Unless all four of these elements are in order, severe harm may result.

An illustration may help: Mrs. X is the mother of four children, aged 16, 12, 6, and 2. She is receiving public assistance. The one training course established in

her area this month is a home health aide course. Mrs. X has not finished high school has no health training and can barely read and write.

She explains her anxieties to the social worker. She has not been in school for a long time; she does not know anything about health; she lacks the money for transportation and is worried about the children—the 2-year-old is often ill, and the oldest son is having trouble in school.

The social worker listens to a few sentences, and then cuts her off. "What does this woman mean," she thinks. "Home health aide training is a snap. She's just trying to get out of work."

Somehow Mrs. X manages to struggle through the class. She cannot find a job immediately, but after 3 months is employed. She finds to her dismay, however, that home health aides are employed only on a part-time basis.

Even working as many hours as the scheduler will give her, she still is netting only about \$50 per week. And then there are the weeks when the 2-year-old must be taken to the clinic across town. That takes a full day each time.

There are conferences at her son's school with teachers, trying to keep him from becoming a dropout. The home health agency does not pay for cleaning her uniform, or for lunches. At the end of 3 months Mrs. X sees that she cannot possibly make ends meet. But there is nothing she can do to remedy the situation. Her social worker declares her "able-bodied"; State regulations fail to include the family or financial considerations.

Mr. President, these stories and worse are destined to be repeated across the country, because of the bill's language on the work-training program.

The Senate amendments would have made work-training an effective concept by combining training incentives with voluntary participation. People who should know, including Secretary Gardner of the Department of Health, Education, and Welfare, agreed that this was the way to create an effective program.

It is true that the conference report represents a considerable improvement over the original House program. The report calls for new work-incentive programs to be administered by the Department of Labor for AFDC recipients referred by welfare agencies. Programs would include employment, training or subsidized special work projects.

But the language of the conference report still permits welfare officials to force mothers to work. It specifically deletes the Senate exemptions for mothers and other relatives who care for preschool children or children under 16 attending school, and takes from the State the ability to set up other exclusions.

This could be interpreted as a mandate to punish the poor.

We all have listened to the stories of arbitrary behavior by social workers and public welfare officials. Unfeeling, sometimes punitive behavior is held to be an all-too-frequent occurrence. Many hold that the public welfare system as a whole fosters dependency and denies basic human and constitutional rights.

Edward V. Sparer cites what he calls the "incredible" lengths some State welfare regulations reach:

Georgia regulations on the one hand require mothers to obtain full-time work whenever the welfare department deems it appropriate; on the other hand, the welfare department must, under the Georgia "employable mother" regulation, discontinue aid whenever the mother obtains a full-time job, no matter how little she earns. . . . The Washington, D.C. rule, as I understand it, goes even further. Under the D.C. rule, a mother who is deemed able bodied and available for work is subject to AFDC termination even though she has not obtained a job!

Secretary Gardner warned the Congress about the dangers of the House work-training provisions:

If determinations are made according to rigid formulas inflexibly applied, if lack of imagination and foresight characterize action at the decision level, then the result can only be grief for the individuals and families involved, and defeat of the purposes of the program.

There is much controversy about the nature and the extent of the abuses. One thing is clear, however. Whatever tendencies there are toward negative results, are escalated to near certainty by the compromise bill.

But there are other reasons for my objections to the bill's treatment of work and training.

If we had wanted an effective work and training program for welfare families, we would not have reduced the training incentives.

The Senate amendments would have made it attractive to gain additional skills and financially possible for welfare recipients to participate. A payment of \$20 per week would have given mothers, fathers, and older children the funds to pay for increased costs attendant to being away from home—lunches bought at school rather than prepared at home, dry-cleaning of uniforms required for training, additional transportation costs.

The \$30 per month of the compromise, on the other hand, would be a training disincentive in many instances. A payment of \$7 per week cannot possibly cover the combination of costs facing a family member who must be away from home during the day—transportation, lunches bought at cafeterias, training materials, and the like.

Equally onerous is the reduced Federal participation in supporting work-training programs.

The compromise amendment would reduce the Federal share of program costs from 90 percent to 80 percent.

The shift doubles the burden on the States from 10 to 20 percent. What are the States to do? The effect on administration may be disastrous. As we all know, the conference bill says that mothers who cannot or do not wish to work have a grace period of 60 days, in which they can still get their AFDC checks, if they receive counseling. But suppose there is not enough money to hire additional caseworkers and counselors needed to handle the increase in work? Suppose the mother cannot get an appointment to see the counselor within 60 days. The mother's welfare check will be cut off. She will be punished for something she could do nothing about.

Many criticisms could be leveled even against the original Senate bill. It does not deal with the problem of creating meaningful jobs and adequate income. It does not create new careers for the poor. And it does not even guarantee placement.

All of these points are well taken. But the fact remains that while the Senate bill may not have been perfect, the House provisions were a disgrace. The conference report is little better.

The poor have always gotten the short end of the stick. Now they are to be beaten with it.

IV. TITLE 19

Let me now turn to title 19, and what the conference report and bill would do to medical care for the needy.

Poverty and ill health reinforce one another. The poor cannot afford the kind of health care they need to escape dependency, disease, and despair. Illness means they cannot take advantage of opportunities for education, training, and work. As one of the OEO health program administrators put it:

Without intervention, the poor get sicker, and the sick get poorer.

The title 19 program promised one kind of needed intervention—money. Under this legislation, those receiving cash assistance were to be eligible for help in meeting medical expenses. But also, the medically indigent—those able to pay for food, clothing, and shelter, but unable to pay for medical care—were to become eligible, if the State so desired. So far, 29 States have established these programs. By January 1, 1970, 54 jurisdictions may have programs in operation.

I am proud to say that Minnesota has an approved title 19 plan. The title 19 program in this year alone is expected to benefit nationally, 8 million Americans, two-fifths of them 65 and over, and one-half children and youth under the age of 21. Yet, in this year, when so many are gaining access to good health, House surgeons cut the heart out of the title 19 program.

The House bill limits Federal participation in title 19 programs to those whose income is less than 133 percent of the highest amount ordinarily paid families of similar size under the State aid-to-dependent-children programs. Wilbur Cohen talked about the results in the hearings on the House bill. He said:

The limitation will effect the programs in operation in 14 States, and will severely restrict the future development of the program to meet the medical needs of persons who lack sufficient resources to pay for them.

A table was introduced, showing the cut in Federal funds that would flow to the 14 States. We all know what drastic reductions in Federal funds will mean. Recent statements by Mayor Lindsay, of New York, and others indicate that there just is not money to cover these costs in local budgets. Reduction in Federal participation for most localities will probably mean cutting down on the amount of medical care for the poor.

Mr. Cohen discusses another effect:

The House limitation will destroy the concept of medical indigence in a number of states.

He gives illustrations showing how families eligible for cash assistance can find themselves ineligible for medical assistance, because many States do not pay the full percentage of need. He said:

In Indiana, for example, a family of four is eligible to receive assistance if their income is less than \$271.40 per month, yet the highest amount that can be paid in assistance is \$103. The House bill would mean that this family could receive cash assistance if their monthly income is up to \$271.40, but medical assistance only if their income is below \$137, about half of the eligibility level for cash payments.

For another example:

In Texas, a family of four with income below \$163.95 could qualify to receive cash assistance . . . Yet, unless the family income is below \$124, its members would not be eligible for medical assistance.

Mr. President, this is a false economy, in terms of dollars and of people.

People who are not well and cannot work cost taxpayers money—unemployment insurance, welfare assistance, and the rest. And if they live in families, these costs simply multiply.

Let me tell a story to illustrate my meaning. I know of a family in one of our large eastern cities. Father, mother, four children, aged 22, 15, 11, and 1 year. Family is off welfare right now primarily because of the medicaid program. Before this program this one family had cost all of us a very great deal. The father had had a nervous condition which could be controlled by medicine. Much of the time, he could not afford that medicine, however. When he lost jobs, he had to go on unemployment insurance. When that ran out, welfare was the only answer.

The family dreaded illness requiring hospitalization, because it always caused the same trauma to the family. The general hospital could only keep patients for a certain length of time. Patients sent home required constant home care. Since this family was not eligible for the health department's home-care program free, someone had to stay home to care for recuperating family members.

Usually this was the mother. But if mother was ill, or if she had to take one of the children to the clinic to wait in line all day, one of the school-age children would have to stay home.

The oldest child had missed so much school because of this that he never had completed high school. As a dropout, he was destined to the same treadmill of low paying work that had trapped the school-dropout father.

On and on the family saga went until last year. Almost 12 months ago, their State put a title 19 program into operation, which included this family among the medically indigent eligible for care.

Father now can get the medicine and stay on his job. Mother now can secure a home health aid to provide real care to family members coming home from the hospital. And the children can stay in school.

The savings both in dollars and in human terms has been enormous. Yet, checking their income levels against the House-sponsored formula shows this family will be cut off medical assistance. That is the meaning of the 133-percent formula.

Mr. President, as I said before, this is one of the worst pieces of legislation I have seen in a long time, but it is consistent with other bills that have been coming out of conference with the House.

We have given in too often to the House on legislation. I am tired of being told that we in the Senate must accept reduced appropriations, restrictive amendments, and unnecessary legislation in order to gain House support for the continuation of programs the voters want.

We gave in on rent supplements. In the end, we appropriated only one-fourth the amount requested by the administration and voted by the Senate.

We gave in on the poverty bill. We accepted the Green amendment and reduced authorizations in order to continue this program for another 2 years.

We gave in on metropolitan development. In the appropriation bill for the Department of Housing and Urban Development, we accepted language that eliminated the metropolitan expediter program and may eliminate the "204" program which requires areawide review of cities' applications for Federal aid when these projects affect other cities.

We gave in on model cities. The appropriations nowhere matched the need existing in the 63 cities approved for the model city grants.

We gave in on reapportionment. There we resisted, and forced the House to reevaluate its position.

Right now we must decide on social security. We are being forced to accept or reject a bill which provides a measly increase in benefits, restricts the welfare family, and ignores the need for effective work incentives. We cannot recommend, we cannot amend, we have to accept or reject.

Mr. President, I for one, am tired of being told that I must vote for this bill or be on record against the program.

I think the people of this country are too sophisticated to interpret a "no" vote on this conference report as a vote against increased social security benefits. Instead they will support efforts to defeat the bill and drive to pass a better bill at the beginning of next session.

I do want to make it clear that I am not accusing any other distinguished Member of this body of conscious duplicity. As one who has just completed a conference on meat inspection legislation and as a member of the conference committee on food stamps, I know that the Senate position must be compromised to get a bill out of conference. But I feel this bill is too important to the poor, the aged, the sick, the disabled to give in as completely as we did.

Therefore, Mr. President, I urge my colleagues to join me in defeating this conference report, because it is a bad bill and because the provisions of the Senate-passed version were nearly ignored in Congress.

We can no longer be a Congress of 20/20 hindsight. The time for action is not next session, but now.

Mr. President, my remarks include what I consider to be 18 grave objections to the conference report.

I ask unanimous consent that a summary of my objections be printed in the

RECORD. I also ask that a sample of letters and telegrams sent to me in opposition to this proposed legislation be printed in the RECORD.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

[From the office of Senator WALTER F. MONDALE, Dec. 14, 1967]

OBJECTIONS TO CONFERENCE REPORT ON H.R. 12080, SOCIAL SECURITY AMENDMENTS FOR 1967

1) A 13% increase in Social Security benefits is totally inadequate. The average person on social security can barely eke out a living; the average social security income is below the poverty level. Social Security beneficiaries have been fighting a losing battle with the cost of living since 1940, and neither the 1959 increase nor the 1965 increase in benefits matched the increase in living costs. To keep pace with the wages of employed workers, Social Security benefits would have to be increased 37%. The 15% increase voted by the Senate was barely adequate; a 13% increase will only momentarily ease the economic pinch on the elderly, and it will be another three or four years before Congress will again increase benefits.

2) Thousands of older people who are receiving welfare assistance in addition to social security, will get no increase at all because their welfare aid will be reduced by whatever amount their Social Security check is increased. The Senate voted a mandatory \$7.50 welfare increase to offset this reduction; however, it was rejected in conference.

3) The Conference proposal represents a backdoor tax increase. Taxpayers will have to pay the same for the Conference bill (which proposes benefits costing \$3.6 billion) as they would for the Senate bill (which proposed benefits costing \$5.8 billion). Thus the tax burden on American taxpayers is increased without hearings and without providing commensurate benefits. We may need a tax increase, but I do not believe American citizens should have to pay such hidden taxes as this represents.

4) Local real estate and property taxes may have to be increased in many states in order to make up for decreased federal participation in welfare programs and new restrictions on uses of federal aid funds.

5) Lower-income taxpayers will have to pay a larger share of their income in Social Security taxes than those who earn over \$7,800 a year. This occurs because the Conference Report adopted a proposal that Social Security taxes be paid only on the first \$7,800 of income and rejected the Senate's sliding scale proposal. Thus people who earn over \$7,800 a year do not have to pay Social Security taxes on the amount of income in excess of \$7,800.

6) The Conference Report rejects or reduces additional Social Security increases for special groups. The Senate had proposed additional benefits for disabled widows and widowers, individuals 72 years of age and older, and those who chose reduced benefits at age 60.

7) There are insufficient increases in the amount an individual can earn and still be eligible for full Social Security benefits. At present, a Social Security beneficiary can earn only \$1,500 a year without having part of his benefits withheld. The Senate proposed increasing this limitation to \$2,400, but the Conference refused to go beyond the \$1,680 figure proposed by the House of Representatives. This represents an increase of only \$180 rather than \$900 as suggested by the Senate.

8) The Conference Report arbitrarily limits the extent of federal participation in Aid to Dependent Children programs by placing a "freeze" on the number of American chil-

dren who can be fed, clothed and housed with federal funds. This is like trying to reduce fires by limiting the number of fire engines. It fails to provide for increases in AFDC needs resulting from increased awareness of eligibility, migration from state to state, and economic declines.

9) Restricting the amount of federal assistance to needy children forces the states to either 1) deny aid to new applicants; 2) reduce the number of families being helped by imposing harsh new eligibility requirements; or 3) assume the full burden themselves for any assistance provided children in excess of the freeze ceiling. These options trap the states. Few states have the financial resources to support the public service they now maintain, much less the addition of further welfare expenses. The property tax can be stretched only so far; thus the only choice open to states and localities will be those which are punitive, restrictive and counter to the philosophy of welfare and common sense.

10) The "freeze" raises constitutional doubts because it authorizes states to deny aid to families which meet existing eligibility requirements. Providing statutory authority for arbitrary exclusions from welfare programs may violate the 14th Amendment guaranteeing all citizens equal protection of the laws. If a state grants aid to some needy citizens and not to others, such discrimination must be made on a more reasonable basis than "first come, first served." Establishing an arbitrary limit on the number of persons who may benefit from a program is irrational, indefensible, and inconsistent with Democratic principles and the Constitution.

11) Deletion of the Senate amendment extending aid to children of unemployed fathers nationwide is clearly punitive. This provision would hold families together by permitting an unemployed father to stay at home rather than forcing him to leave so that his children will be eligible for aid on grounds of desertion. At present, aid to children of unemployed fathers is a voluntary program in effect in only 22 states. Unemployed fathers in the other 28 states and the District of Columbia must still desert their families in order to feed them.

12) Rather than extending the aid to children of unemployed fathers program nationwide, the Conference Report places additional restrictions on AFDC programs by excluding children of fathers who have not worked in the previous year or for at least 18 of the prior 52 months, and fathers who are eligible to receive unemployment compensation. This would appear to make it impossible to help the families of both the hardcore, long-term unemployed and the regular worker who becomes temporarily unemployed due to economic forces beyond his control.

13) The Conference Report would permit state or local welfare officials to force mothers to accept jobs or participate in training programs without consideration of the effect on children in the family. While such authority is discretionary it is fraught with possibilities for abuse. At worst, it would permit local welfare officials to deny assistance to minor children if their mother refused to accept a particular job—regardless of wages, working conditions and other factors.

14) Senate safeguards against abuse of work-training requirements for mothers were rejected by the Conference Committee. The Senate safeguards included exemptions for mothers and other relatives who care for pre-school children or children under 16 attending school, and authority for states to establish other exclusions.

15) The Conference Report drastically reduces training incentives for welfare recipients. The Senate had authorized payments of \$20 a week for recipients participating in training programs to cover personal expenses such as transportation, mainte-

nance of uniform or work clothes, and eating away from home. This was reduced to about \$7 per week by the Conference Report.

16) The Conference Report also drastically reduces work incentives for welfare recipients and their children. The Senate version would have allowed a family on welfare to keep the first \$50 of earned income each month plus 50% of whatever was earned above that amount, without a reduction in welfare payments. This was cut to \$30 and 30% in the Conference Report.

17) The State share of work-training programs is doubled, going from 10% to 20% of the total, while the federal share is cut from 90% to 80%. This will further burden local tax resources and will increase pressure on state and local welfare officials to adopt more restrictive policies and procedures.

18) The Conference Report limits the amount of federal participation in state medicaid programs under Title 19 through use of a formula based on the amount of state funds spent to help needy children and their mothers under AFDC. This will have the effect of drastically limiting medicaid assistance in states with Title 19 programs.

(The proceedings of the Senate of today will be continued in the next issue of the Record.)



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No. 206

Senate

(Proceedings of the Senate continued
from the Record of December 14, 1967)

(Continuation of Senator MONDALE's
remarks on the social security bill, S.
12080.)

WASHINGTON, D.C.,
December 11, 1967.

Senator WALTER F. MONDALE,
Washington, D.C.:

The conference report on the social security bill is repugnant to human needs and dignity. Social security benefit levels are totally inadequate, and the work-training requirements imposed on mothers by the conference report are unconscionable. The welfare benefit freeze will impose heavy tax burdens on local communities and adjustments in old-age assistance and welfare standards may deprive the poorest of our retired citizens of any income increases at all. On behalf of more than six million members of the Industrial Union Department, AFL-CIO, I urge you to vote against the social security conference report and subsequently to instruct conferees to insist on the provisions of the Senate bill.

WALTER P. REUTHER,
President, Industrial Union Dept., AFL-CIO.

WASHINGTON, D.C.

Senator WALTER F. MONDALE,
Washington, D.C.:

Urge your support for two key public welfare amendments to H.R. 12080 the Social Security Amendments of 1967 eliminated by Senate-House conferees on the bill. Although Senate had eliminated the AFDC freeze and liberalized work requirements for mothers with children on assistance, the conference maintains the particularly punitive provisions passed by the House.

CHARLES SCHOTTLAND,
President, National Association of Social
Workers.

WASHINGTON, D.C.,
December 8, 1967.

Senator WALTER MONDALE,
U.S. Senate Building,
Washington, D.C.:

Dismayed by punitive ADC bill out of conference. Please help restore Senate amendments or kill bill.

GORDON BUYSE.

WEBSTER GROVES, Mo.,
December 10, 1967.

Senator WALTER MONDALE,
Senate Office Building,
Washington, D.C.:

As former director, Minnesota Public Welfare, and as former dean, school social work, Washington University, I urge you to work for rejection of conference committee report on aid to families with dependent children. It would take us back to punitive practices resulting in suffering innocent children. Has no merit. Congratulations on article in Progressive last summer.

BENJAMIN E. YOUNGDAHL,
Washington University.

NATIONAL PRESBYTERIAN HEALTH &
WELFARE ASSOCIATION OF THE
UNITED PRESBYTERIAN CHURCH IN
THE U.S.A.,
New York, N.Y., December 7, 1967.

Senator WALTER F. MONDALE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: On behalf of the National Presbyterian Health and Welfare Association, may I take this opportunity to thank you for your action in the Senate on November 21st. Your vote supporting Amendment No. 425 of Bill H.R. 12080 was greatly appreciated by members of our Association.

The Association, representing over 400 service units in the fields of child care, health services, services to the aging, neighborhood

centers, and institutional chaplains, was distressed with some of the coercive features of H.R. 12080.

It is hoped that the House-Senate Conference Committee, following their discussions, will present a bill which is supportive of a progressive welfare policy to meet the many challenges which face us in the area of health and welfare today.

Yours very truly,
ARTHUR M. STEVENSON, Jr.,
President.

NEW YORK, N.Y.

HON. WALTER F. MONDALE,
U.S. Senate,
Washington D.C.:

In view coercive discriminatory provisions H.R. 12080 with respect public assistance (AFDC) as reported conference committee, urge vote against bill or return conference with instruction retain Senate provisions.

Rev. REINHART B. GUTMANN,
Executive Secretary, Division of Community Service, Executive Council,
Episcopal Church.

MINNEAPOLIS, MINN.,
December 12, 1967.

HON. WALTER F. MONDALE,
U.S. Senate,
Washington D.C.:

Local 932 UAW retirees chapter membership of 200 respectfully request you to reject conferees report on social security in favor of the bill passed by the Senate.

Respectfully,
G. FRED NILSSON, Chairman.

AUSTIN, MINN.

Senator WALTER MONDALE,
Senate Office Building,
Washington, D.C.:

Mower County Welfare Board opposes curtailment of AFDC funds on Federal level as per current considered legislation. We urge your opposition.

HAROLD MICKELSON,
Director.

BELTRAMI-CASS WORK & TRAINING
PROJECT,
Cass Lake, Minn., December 11, 1967.

HON. WALTER MONDALE,
U.S. Senator,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: Those of us with the Beltrami-Cass Work Experience and Training Project wish to express our dissatisfaction and concern over the 1967 Social Security Amendments as reported out by the House-Senate Conferees.

We feel that some provisions are retrogressive in nature and are in violation of the original intent of the Social Security Act which was to strengthen family life.

S 18787

We refer specifically to the so-called "freeze" on the number of AFDC children for which the Federal Government will provide funds. The ultimate result of this legislation will be of a punitive nature. It will penalize the poor everywhere, but especially in those states that experience financial difficulty in meeting the costs of assistance.

We are also opposed to the work training provision for AFDC mothers. Unfortunately, some states may use their discretionary option to "force" mothers into such programs with the express, (or overt) purpose of reducing their AFDC caseloads. This apparent emphasis on costs, instead of on people and their problems is distressing to all of us who are daily confronted with the deprivation experienced by these people.

We urge you to oppose the joint provisions for these reasons. We would urge you to support only those amendments which would give the states additional resources, and would enable them to work more effectively in alleviating the many needs of our impoverished peoples.

Thank you.

Yours truly,

PAIGE CHRISTENSEN.
Mrs. SANDRA DAVIS.
Mrs. DORIS HAVUMAKI.
JOS. C. HELFTER.
DENNIS JOHNSON.
Mrs. LOUISE KOLSTAD.
VERNE TOLLEFSON.

DECEMBER 11, 1967.

HON. WALTER MONDALE,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: There are portions of the 1967 Amendments to the Social Security Act which are not only discouraging, but also contradictory to previous legislation passed in our country. Those of us who are familiar with the problems and pressures of the families receiving public assistance are fully aware of the injustices which will result from the proposed amendments.

If a "freeze" is placed on the number of children eligible for Aid to Families with Dependent Children whose payments could be financed by the Federal Government, it may well result in the malnutrition, disease and abandonment of many children. If persons in destitute situations are denied the assistance which would enable them to provide a minimal subsistence for their families, the ultimate reaction would be devastating to them and to our society. Many local areas of our country do not have the financial wealth to assume the costs of public assistance now covered by the Federal Government.

I am against the Amendments as they are proposed by the current legislation. It is essential that we enact more liberal welfare provisions which take into consideration the social, emotional and physical needs of the destitute persons in our own country.

Respectfully yours,

Mrs. SANDRA DAVIS.

DECEMBER 12, 1967.

HON. WALTER MONDALE,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: From all that I have heard of the 1967 Amendment to the Social Security Act I hope that you will vote against this amendment.

The part regarding rejection of support to some AFDC mothers particularly disturbs me. Why should some children be provided for and others refused sustenance?

This is a sample of sloppy thinking and improper legislation.

Respectfully yours,

JOS. C. HELFTER.

DECEMBER 11, 1967.

Senator WALTER F. MONDALE.

DEAR MR. MONDALE: We appreciate your efforts with regards to the Social Security program benefits.

We only want you to carry along to the committee our thoughts.

It didn't take the Congress very long to vote themselves a nice raise a few years ago but they argue and stall and delay a program that will aid people who are really hurting these days.

We are not looking for a handout. We have worked for years, paying taxes and living as good grass roots U.S. citizens and feel as though, at the present time, we are the forgotten people.

I would like two questions to be answered provided you have the answers.

First. When will the new 13% raise come to us.

Second. We would like to be able to earn a bit more on part time work. Have you any information as to a raise in what amount one can earn per year.

Rest assured Mr. Mondale you will continue to receive our support and the complaints we have given in no way point the finger at you.

Best of luck.

Sincerely,

THEODORE R. MENGES.

MINNEAPOLIS, MINN.

MINNEAPOLIS, MINN.,
December 8, 1967.

HON. WALTER MONDALE,
U.S. Senator,
Washington, D.C.

DEAR SIR: This letter is to protest against the miserable Social Security bill, just passed.

I know that my protest means very little. But as your constituent, I have the right. I do not think it fair to raise Legislators salaries, Govt. employees, army personnel and what have you. You spend money for everything conceivable but not for those on the bottom of the social security rung.

The Democrats will have a hard time to peddle their wares in the next election. This inflation is the Democrats own doing. That really hurts. You know, no human can live on the minimum, set by this bill.

Yours truly,

FREDERICK H. REINKE.

WASHINGTON, D.C.,
December 13, 1967.

Senator WALTER MONDALE,
Senate Office Building,
Washington, D.C.:

Public assistance and welfare provisions of 1967 social security amendments approved by conference committee represent major retreat from gains won over many years. Freezing of rolls on aid to dependent children and compulsory work programs are punitive and regressive in effect and would work hardship not only on the poor but on state and municipal welfare resources. We commend you for your leadership in urging that Senate stand by its version of bill.

ARTHUR S. FLEMING,
President, National Council of Churches.

NEW YORK, N.Y.,
December 13, 1967.

HON. WALTER F. MONDALE,
Senate Office Building,
Washington, D.C.:

We urge the Senate to reject the report of the conference committee on the 1967 social security amendments. The medievalism of the public welfare provisions far outweighs any gains to be realized from increases in OASDI benefits. We have a deep concern for the plight of the elderly but the additional hardships to be imposed by the bill

on already deprived children and families render this bill an unsound public program. The conferees should be instructed to approximate the bill passed by the Senate, and to reject these inhumane and regressive House bill. Our committees on aging, on family and child welfare and on health join us in urging you to return the proposed bill to the conference committee.

JOHN H. MATHIS,
Chairman, Committee on Public Affairs,
Community Service Society of New
York.

WASHINGTON, D.C.,
December 11, 1967.

HON. WALTER F. MONDALE,
U.S. Senate, Washington, D.C.:

The Executive Committee of the Leadership Conference on Civil Rights urges you to vote against the conference report on the social security bill. What started out as a social security measure has become an instrument of social insecurity. It generates pressure to break up families. Under this bill fathers would abandon their families and mothers would be forced to leave their children and go to work. The war on poverty is becoming a war on the victims of poverty. Cities now wracked by terrible crises would be faced with the intolerable choice of leaving poor people destitute or trying to provide for them out of funds they do not have. This is a shocking and regressive bill. We urge you to send it back to conference and instruct the conferees to insist on the Senate provisions.

ROY WILKINS,
Chairman, Executive Committee, Leadership Conference on Civil Rights.

NEW YORK, N.Y.,
December 11, 1967.

HON. WALTER F. MONDALE,
U.S. Senate, Washington, D.C.:

Please reject conference report on H.R. 12080. Title II irremediably endangers and deprives millions of children.

JOSEPH H. REID,
Executive Director,
Child Welfare League of America.

NEW YORK, N.Y.,
December 12, 1967.

Senator WALTER F. MONDALE,
Senate Office Building,
Washington, D.C.:

We support and are encouraged by your efforts to return bill H.R. 12080 to the House-Senate Committee for further review. We urge you to ask the Senate conferees to uphold the humane intent of the welfare provisions in the Senate bill (amendment 425).

ARTHUR M. STEVENSON, Jr.,
President, National Presbyterian Health
& Welfare Association.

WASHINGTON, D.C.,
December 12, 1967.

Senator WALTER F. MONDALE,
Washington, D.C.:

Farmers Union Board calls upon the Senate to reject the Social Security conference report.

Farmers Union feels that the conference report might push welfare concepts backward 20 years. Farmers Union continues to support the plan to give work and training opportunities for low income people instead of welfare as contained in the Senate version which was rejected by the conferees.

Farmers Union is deeply disappointed that the Social Security conference report failed to give significant increases in Social Security payments above a cost of living increase. There is little question that the bill will leave many millions on Social Security with

total incomes below the poverty level, and future generations without adequate retirement incomes.

Farmers Union regrets that the drug lobby was successful in eliminating the generic drug provision from the bill, which would save an estimate of \$100 million in taxes each year.

Farmers Union urges that the Social Security bill be reworked by the Congress early next year.

TONY T. DECHANT,
President, National Farmers Union.

MIAMI BEACH, FLA.,
December 11, 1967.

Senator WALTER F. MONDALE,
Washington, D.C.:

AFL-CIO considers conference report on social security absolutely inadequate. Most of Senate provisions designed to improve House bill have been abandoned. Benefits for OASDI recipients would barely exceed already increased costs of living. Retreats on welfare provisions enacted by Senate are travesty on America's image as compassionate and humanitarian nation. We urge every Senator to vote against this deplorable attack on poor and underprivileged and request another conference to secure passage of an adequate social security bill.

GEORGE MEANY,
President, AFL-CIO.

NEW YORK, N.Y.,
December 12, 1967.

Senator WALTER F. MONDALE,
Senate Office Building,
Washington, D.C.:

We support the social security bill originally passed by the Senate and welcome your efforts to reject conference committee report. Shameful quota on number of children aided must be eliminated. Conference acceptance of limitations on medicaid, forced work procedures, and new burdens on States and localities should be reversed.

FAY BENNETT,
Executive Secretary,
National Sharecroppers Fund.

WASHINGTON, D.C.,
December 11, 1967.

Senator WALTER F. MONDALE,
Washington, D.C.:

The National Association of Social Workers is deeply concerned about restrictive welfare provisions in conference report on H.R. 12080—the Social Security Amendments of 1967—compulsory work requirements on mothers with small children and the AFDC freeze must be eliminated. Respectfully request that you not approve conference report but refer it back with request that new conferees be appointed.

CHARLES I. SCHOTTLAND,
President,
National Association of Social Workers.

WASHINGTON, D.C.,
December 12, 1967.

Senator WALTER MONDALE,
Senate Office Building,
Washington, D.C.:

We beseech you to filibuster if necessary to defeat the welfare amendments to the social security bill. The mental growth of thousands of infants and children will be gravely affected by the absence of their mothers in compulsory work or training. Day care for children under age 3 is highly experimental and likely to be extremely dangerous if applied broadly. We feel the freeze on ADC payments is also unspeakably cruel. Your courage of this issue now will be justly rewarded by an easy conscience later.

FREDERICK SOLOMON, M.D.,
Medical Committee for Human Rights.

NEW YORK, N.Y.,
December 12, 1967.

HON. WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.:

The Board of Social Ministry, Lutheran Church in America, is opposed to the regressive public welfare measures embodied in the conference report on the social service amendments of 1967. We support you in your efforts to keep the substance of the Senate bill.

CEDRIC W. TILBERG,
Secretary for Program and Leadership.

WASHINGTON, D.C.,
December 12, 1967.

W. MONDALE,
Senate Office Building,
Washington, D.C.:

ADA opposes the social security amendments conference report. The report's provisions repudiate needs and dignity. ADA urges you to vote against the conference report and to vote for the previously passed Senate social security provisions.

Very respectfully,

LEON SHULL,
Director, Americans for Democratic Action.

WASHINGTON, D.C.,
December 13, 1967.

Senator WALTER F. MONDALE,
U.S. Senate, Washington, D.C.:

The Railway Labor Executives' Association, representing virtually all of the railroad workers in the United States concurs fully with the position of the AFL-CIO taken in their telegram of December 11, 1967, on the pending social security legislation. We ask that the social security legislation be returned to the conference committee in an attempt to develop a just solution to the problem of the Nation's retired and poverty stricken.

G. E. LEIGHTY,
Chairman, Railway Labor Executives
Association.

WASHINGTON, D.C.,
December 13, 1967.

HON. WALTER F. MONDALE,
Washington, D.C.:

DEAR SENATOR MONDALE: Social security conference report falls short of our recommendations. Twenty-three million older Americans however need all possible assistance. Trust you will take their needs into consideration when voting.

CYRIL F. BRICKFIELD,
Executive Director, National Retired
Teachers Association, American Association of Retired Persons.

BAGLEY, MINN.,
December 12, 1967.

HON. WALTER F. MONDALE,
Senator for Minnesota,
U.S. Senate, Washington, D.C.:

Wish to support your floor fight on pushing for liberalization of social security bill. Minnesota and Clear Water County will suffer from conference committee bill. Concerned about AFDC freeze, forced employment, medicaid cutback.

JOHN F. JELSTUL,
Director,
Clear Water County Welfare Department.

LONG ISLAND CITY, N.Y.,
December 12, 1967.

Senator WALTER F. MONDALE,
Senate Office Building,
Washington, D.C.:

The 1,500 members of the Senior Citizens Club of Bakers Union Local Three, Long Island City, N.Y., urge you to do everything possible that the "punish-the-poor social se-

curity bill" does not become law. For this bill to become law would be a disgrace to all Americans. We wholeheartedly endorse and support the social security bill passed by the Senate.

SEYMOUR RASKIN,
Secretary.

ST. PAUL, MINN.,
December 12, 1967.

Senator WALTER MONDALE,
Washington, D.C.:

The 350 members of Ford Local 879 retirees chapter urge you to reject conference report on social security in favor of bill as passed by the Senate.

PHILLIP J. PADDEN,
Chairman.

ST. PAUL, MINN.,
December 1, 1967.

HON. WALTER F. MONDALE,
U.S. Senate, Washington, D.C.:

The Ramsey County Welfare Board at its meeting on 11-28-67 voted to urge support of a new provision in H.R. 12080 Social Security Amendments of 1967, which would utilize services of Internal Revenue Service to locate runaway fathers and encourage them to make payments to their abandoned children in compliance with court orders. IRS would collect from individual or employer an amount equal to Federal share of court order, if less, if parent refuses payment.

MISS RUTH L. BOWMAN,
Executive Director,
Ramsey County Welfare Board.

SIOUX FALLS, S. DAK.,
December 12, 1967.

Senator WALTER MONDALE,
Senate Office Building,
Washington, D.C.:

Know of hearty professional support for your coalition of Senators Mondale, Kennedy, Morse, Kennedy, Harris, Hartke, and Metcalf regarding Senate position on 12080 ADC provisions. Better that the 1967 social security amendments perish than that we regress to the punitive era of the English poor laws of 1600.

ROBERT MABBS,
National Association of Social Workers
Commission Social Actions for Iowa,
Kansas, Minnesota, Missouri, Nebraska,
North Dakota, and South Dakota.

[From the Minneapolis Tribune,
Dec. 10, 1967]

BY LIBERALS—SENATE WELFARE FIGHT
ORGANIZED

(By Jack Wilson)

WASHINGTON, D.C.—A group of Senate liberals held a strategy session Saturday to organize their fight to remove "restrictive and repressive" changes in welfare programs from a bill to increase Social Security benefits.

The group, which included Sen. Walter F. Mondale, D-Minn., admitted it faces a dilemma. The parliamentary situation is such that by opposing restrictions on programs for aid to dependent children, the unemployed and the aged, the senators would endanger the rest of the bill, which boosts Social Security payments to retired persons.

They agreed to take the risk. Sen. Robert F. Kennedy, D-N.Y., said "No bill at all is better than this."

Mondale called the bill "One of the worst pieces of legislation I've seen in a long time. The only responsible thing we can do is fight to reject it."

The bill in its present form was the product of a conference committee that met to adjust differences between the House and Senate versions of the Social Security-welfare meas-

ure. The Senate version was more liberal than the one that passed the House, and some senators were suggesting that the Senate members of the conference committee had given in to the House on every basic point without receiving any concessions in return.

The group that met yesterday included, in addition to Mondale and Robert Kennedy, Sens. Wayne Morse, D-Ore.; Edward M. Kennedy, D-Mass.; Fred Harris, D-Okla.; Vance Hartke, D-Ind.; and Lee Metcalf, D-Mont.

They cited several specific objections to the conference committee bill, among them:

The bill authorizes state officials to force mothers to take jobs or risk losing their Aid to Dependent Children payments. This would mean that if a mother refused to accept a job, no matter what the wages, that welfare officials found fault with her, she and her children could be cut off the welfare rolls.

"This is nothing but a way of reinstituting slavery," Mondale said.

Another controversial provision in effect would require states to limit the number of children receiving aid. The number of children eligible for Aid to Dependent Children next Jan. 1 would be balanced against the number of children in the state, and from then on the number receiving aid could not exceed that proportion.

The Senate bill originally provided that children of unemployed fathers should be eligible for aid payments. At present this is optional, and only 22 states have adopted such programs.

The House threw out the Senate provision and further limited the program by saying children of an unemployed father should not be eligible unless he had had "a substantial connection" with the labor force. This would eliminate young fathers still looking for their first jobs."

The conference report also provides that the children are not eligible if the father gets unemployment compensation—regardless of the amount—or has applied for it.

Incentive provisions of the Senate bill designed to encourage persons on welfare to find jobs were reduced by the conferees.

The Senate bill would have allowed a family on welfare to keep the first \$50 of earned income each month, plus 50 per cent of whatever was earned above that amount, without a reduction in welfare payments. The conferees cut this to \$30 and 30 per cent.

In addition the Senate bill proposed to permit welfare clients in certain work training programs to keep up to \$87 per month of their pay without suffering loss of welfare. The conferees cut this to \$30 per month.

DECEMBER 11, 1967.

DEAR SENATOR MONDALE: Regarding enclosed clipping from the Sunday paper I like to express my great dismay, because the provision to include widows regardless of age under the disability provision under Social Security was deleted.

I came to the United States in 1947 from Berlin, Germany. Was married, had a daughter in 1948 and became disabled with polio in 1950. Spent eight months in a local hospital and was sent home in a wheelchair. In 1957 my husband died very suddenly. I was left with many bills, a mortgaged house, very little money, a nine-year-old daughter, and still disabled.

We were covered under widows and survivors Social Security. I could not hold onto the house and had to move into public housing in 1960, where I still live.

My widows pension under social security was cut of March 1, 1965. I was told by that "sweet" lady at the Social Security department that I would just have to wait around 'til I reached age 62 when I could get any other benefits.

My daughter is a student at the University of Minnesota. Last year she received a scholarship and an Education grant. For her

sophomore year the grant was denied because she gets \$93.20 a month from Social Security. The University insisted that the money should be spent only for her tuition and books, et cetera. But the money goes for food, rent, clothes and things like that.

I have tried since my daughter started high school six years ago to get some help and training from various departments like Voc. Rehab. and the "War on Poverty" (New Couriers) without any luck. They have taken my applications, talked to me and then it was always, "Don't call us, we will call you. . . ." Nothing constructive ever happens. By now I am so discouraged I would just as soon lay down and vegetate, but I must go on and help my daughter get through college. With a college degree she will never have to worry about the same things I had to. I could hold down a good paying job despite my handicap if I had some sort of degree.

If I was covered under Social Security now I could still earn a few extra Dollars without worry that it would be taken away from me. That's what's wrong with our so-called "Welfare" legislation, handouts through highly unsuited so called "Welfare" people, but not constructive, timely programs that would encourage people to help themselves.

Just read the last paragraph on the enclosed clipping. Locally through "Indoors Sports, Inc." we pressed for that legislation, had it passed and now what. It is so discouraging. Since my Social Security was cut I receive a very small amount of money monthly through Aid to the Disabled, but what humiliation and the people that dole this out are impossible. One has to learn to wheedle and beg for needed extras. I refuse to do so under any circumstances. I wish there was a way out. So please throw your weight behind some of the incentive measures and improve Welfare legislation.

Sincerely,

URSULA G. KOZAK.

MINNEAPOLIS, MINN.

P.S.—Without this money Carol would not be back at the University. I am a member of the 5th district Federation of Women's Clubs.

U. K.

"A sophomore at the University of Minnesota, Carol Kozak, 19, center, received a scholarship check for \$250 from Mrs. E. Hane Carlson, 37 Park Lane, Fifth District president. It was her second scholarship. At left was her mother, Mrs. U. G. Kozak, 630 Bryant Av. N."

THE FEDERATION OF PUBLIC

SERVICE EMPLOYEES No. 8,

St. Paul, Minn., December 11, 1967.

Senator WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: The City and County Employees Local #8, AFL-CIO are disappointed with the Social Security Bill agreed upon by the House and Senate Conference Committees.

Hope you can have it improved on the Senate Floor. Hold to the \$70.00 monthly minimum if possible.

Yours very truly,

CARL D. GASTINEAU,
Legislative Chairman.

ST. CLOUD, MINN.,
December 13, 1967.

HON. WALTER MONDALE,
U.S. Senate Office Building,
Washington, D.C.:

We are concerned about the House Senate Conference Report on Social Security. We hope you are. The freeze on AFDC recipients and the force element in the work-training program ought to be eliminated. Since it is totalitarian in spirit and in direct opposition to values of family life. Placing limitations on amount of Medicaid payments is asking the poor not to get as sick as the rich. Please oppose the Conference Report and return to

committee to join results more in line with the Senate version, H.R. 12080.

RICHARD J. LEISEN,
Catholic Charities and
Family Service Director.

CITIZENS PROTEST SOCIAL SECURITY BILL

WASHINGTON, D.C.,

December 11, 1967.

Dear Senators and Congressmen:

At a national conference in Washington last week, delegates from all parts of the country who have responsibilities in administering social welfare programs responded with shock and dismay when the Joint Senate-House Conference Committee reported out H.R. 12080 Thursday evening, December 7. Clearly the Conference Committee did not understand the injurious implications of this legislation to people on public assistance. On Friday, December 8, during intervals between workshops, a great many delegates discussed what could be done to protect the gutting of so many of the forward-looking provisions that had been incorporated into the Senate bill. A spontaneous groundswell of protest prompted the four individuals listed below to call a meeting that afternoon, after the official conference sessions had ended, to consider what action might be taken. Five hundred individuals appeared in the Palladium Room at the Shoreham Hotel at five p.m. to express their concern. Many of those were on their way home that night and will be getting in touch with their Senators and Representatives from there.

One of the actions agreed to was that a petition be circulated among the delegates at the final session of the conference on Saturday, December 9. The petition language and names of the signatories accompany this letter. The 227 signatures from 29 states and the District of Columbia and the Virgin Islands represent largely persons who are directly concerned with the application of welfare programs in their communities and who therefore are keenly aware of the problems that the drastic deletions by the Conference Committee will impose.

We hope you will take full cognizance of the deep concern expressed in this spontaneous gesture, unorganized though it may be, as you consider further how you will vote on the Conference Report on H.R. 12080.

Sincerely yours,

MRS. PHILLIP THORSON.
GERALDINE ARONIN.
CHARLES LANSBERRY, JR.
IRIS GORDON.

COMMITTEE OF CONCERNED CITIZENS—PETITION
SIGNED AT SHOREHAM HOTEL, WASHINGTON,
D.C., SATURDAY, DECEMBER 9, 1967

We, the undersigned—a group of concerned individuals—do hereby register our protest against the decision made by the House-Senate Conference Committee which destroyed the positive results of the Senate sponsored amendments to HR 12080.

We believe that the Senate proposal requiring welfare aid be given to families of unemployed fathers living at home, exempting work training programs for mothers of small children, adding to the benefits for Medicaid, providing for subsidy of work programs, and especially eliminating the freeze on the number of children receiving aid, plus other constructive amendments, are sound and beneficial to the basic public welfare system.

We believe that by deleting these Senate amendments not only will the welfare program be severely affected, but so will all other programs that have been established to combat poverty.

California: John P. Florey, Elizabeth Ma: Latchie;
Delaware: Irene K. Simpler, John Berenguer, Donn E. Jannel;
Florida: Barbara S. McCubbin, Margaret H. Jack;
Georgia: Charlou Seegar;
Hawaii: M. G. Fox;

Illinois: Isabel B. Waddy, Frank G. Blumb, William H. Waddy, Bob Mondlock, Joan Mondlock, William H. Roberson, Vivian O'Malley, Elease I. Reed, Ann Simons, Wm. H. Robinson, Thomas D. Hunt, Winnona Carter, Vivian Sasin, David L. Daniel;
 Kansas: Ruth Casey, Miriam P. Harper, Joyce E. Reed, Harriet Burroughs, Elizabeth Lovgood;
 Maine: Beatrice M. Chapman;
 Maryland: Geraldine Aronin, Linda Mil-lison, Nathan Miller, Bette Stein, George E. McDowell, Marit Thorson, Delores B. Ruffin, Elizabeth A. Riley, Milton Wittman, Walter R. Dean, Jr., Charles Lansberry, Jr., John O. Isaac, Virgil Hampton, Wayne D. Swartz, E. Wheeler, Robert Lansdall, Raleigh C. Hobson, Felton Gogau, Margaret Woodward, Louise Rainer, Barbara U. Mikushi, Gracie E. Goode, Monk S. Harvey, William E. Harvey, Lloyd A. Anderson, Robert H. Cohen, Jennie M. Jenkins, Inge Barron, Edmond D. Jones, Freddie L. Jones;
 Massachusetts: Daniel I. Cronin, Ger-trude P. Feder, Ernestine R. Friend;
 Michigan: Michael Mahow;
 Minnesota: Mary Ann Banas, Joe Brewins, Joe Gaertner, Mrs. J. G. Scott, Raymond T. Brien, Richard H. Giberla, John Fjelstul, Eb Lipschultz, Joyce Luoma, Frank J. Widerski, Mrs. F. Widerski, Don Fisher, Eugene Powell, Gordon W. Burpe, Verne Follepar, Mays Newhouse;
 Missouri: Martha Hughes, Judith L. Dubbs, Robert W. Chester, Ralph E. Pumphrey, Robert Lawyer;
 Nebraska: C. A. Paterson;
 Nevada: Markin S. Sonju, Mark Brand;
 New Hampshire: Kathleen Neerlie, Bar-bara Hanus, Elmer C. Rudey;
 New Jersey: Arleen Kenney, Wilbur F. Pick, M. L. Cornease, Rose C. Thomas, Wynetta Bryant, Connie Brady;
 New Mexico: John G. Jasper;
 New York City: Elizabeth Wickenden, Gwendolyn Nurse, Myrtle M. Joseph, Elizabeth Twilley, Virginia P. Hyde, Minerva Critchlow, Madlyn Screiber, W. Budd Dorpet, Gusta Stuger, Judith Mendell, Martin Silberstein, Jane Saltzman, Totaro Okada, V. Demby, Elizabeth Bayroad, Josephine Ryan, Edith S. Baxter;
 New York: Katherine M. Ahearn, Jan-nette S. Force, Ruby Lowmer, Florence Gitten, Catherine M. Manning, Huidah Marsh, Mary Millicent Hopkins, Myrtle B. Horrington, Natalie Wiley Brown, Lucy K. Longhart, Marguerite Preval, Frieda Luck, Elton H. Golden, Louise Nelson;
 North Carolina: Annie May Pemberton, Myra F. Milchman, Frances B. Long, Augusta M. Cooper, Rebecca Peebles, Virginia Pfohl, Margaret M. Stirk, Mrs. Thelma Doby, Katherine Barrier, Patricia Hill, Josie M. Pittman;
 North Dakota: Barbara Stein, Mrs. W. R. Hovell, Henry Stimsodt, Miss Nora Johnson, Estelle I. Krick;
 Ohio: Elizabeth Tuttle, Esabelle A. Had-ley, Hilda K. Gilbert, Arnett Wright, Judy Fanning, Marian Ramsay, Bob Moor;
 Pennsylvania: Thomas Gallagher, Sam-uel C. Freson, Joseph I. Nicholson, Helen Abbatico, Jean E. Moore, Shir-ley D. LeBlanc, Elizabeth Welton, Pa-tricia Tomlinson, Deane Crongard;
 Rhode Island: Amity E. Rein, John J. Affleru, Phimer Gottschalk;
 South Dakota: Carol E. Anderson;
 Utah: Melvin Pobanz, Olga E. Ballif;
 Virginia: Richard E. Morrison, Ann Em-mon, Betty J. Wright, Bernice Am-spohn, Clara M. Stirk, Pauline A. Rogers;

West Virginia: Gene Ann Snyder, Ann B. Sullivan, Dorothy Allen, Elizabeth Sharkey;
 Wisconsin: John S. Patten, Esther Frolat, W. E. Kurtz, Max Wald, Helen de Bardeleben, Helen MacDonald.
 District of Columbia: Elizabeth Long, B. A. McIntos, Marjorie M. Farley, Linda D. Lovell, Harriet Gruger, Bea-trice L. Garrett, Edna H. Hughes, George Sitgraves, Myrtle Wolf, Inabel B. Lindsay, Alan Ane Taussend, Vic-toria C. Sims, Richard Ackerman, Anna W. Schneider;
 Virgin Islands: Helen C. Owens, Joy-celyn Excarxacion;
 Unidentified by State: Zigmund Gabruk, Irene H. Jacobson, Judith A. Evelancy, Patricia Milligan, Lisa Gooden, Kath-erine Sullivan, John Barnett, W. How-ard, D. A. Thomas, Howard Kaplan, Grace Hechlenard, Mary A. Craig, Mar-garet D. Ward, Eugene Leyellotto, Mary Chance, Audry Pittman, I. S. Longuh, Isabelle Axenfeld, Ruth C. Argento, Alicetine K. Bell.

DEAR MR. MONDALE: Our choice for the Senate.

A funny thing happened to the new Social Security bill from the Senate to the House. This bill was not even recognizable after the mutilizing the House gave it.

I am sure I am speaking for all the Senior Citizens in your home State when I ask you for help on this very important bill to us.

C. J. OBERT.

MINNEAPOLIS, MINN.

SOCIAL SECURITY AMENDMENTS
OF 1967—CONFERENCE REPORT—
UNANIMOUS-CONSENT AGREE-
MENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on the conference report tomorrow morning, instead of taking place at 11 a.m., take place at 11:30 a.m., because of commitments some Senators have made for 10:45 a.m., which they cannot cancel.

The PRESIDING OFFICER. Without objection, it is so ordered.

from Louisiana, who is the chairman of the Committee on Finance, and who was the floor manager in behalf of the report.

I am delighted that both the majority leader and the Senator from West Virginia are in the Chamber this morning.

I read in the discussion, after the conference report was taken up about 9:30 yesterday and voted upon, and a motion to reconsider was laid on the table, that the majority leader came to the Chamber and suggested that perhaps a motion to reconsider would have to be made. The Senator from Louisiana said that he would not agree to a motion to reconsider, unless a day and an hour certain were set for a vote on the report. He then continued:

I have done a lot of filibustering in my day.

That certainly is a true statement from the Senator from Louisiana. He then said:

If you have a filibuster on your hands, you had better break it if you can. One way to break a filibuster is to vote when you have a chance to vote.

I said yesterday, Mr. President—and I repeat today—that I was on the floor when the conference report was called up. I listened patiently and courteously as the Senator from Louisiana, the Senator from New Mexico, the Senator from Nebraska, and other Senators laid the case before the Senate in behalf of the conference report. The Senator from Oklahoma [Mr. HARRIS] sought and obtained the floor, and I listened to him.

Then I walked over to the first seat in the front row on the Democratic side of the aisle, where the majority leader sits, and which he relinquishes to anyone managing a bill, and I spoke to the Senator from Tennessee [Mr. GORE]. The Senator from Louisiana was long gone. I told the Senator from Tennessee that I was prepared to make a speech in detail for as long as he desired to keep the Senate in session that night.

I spoke to the Senator from West Virginia, who was sitting alongside the Senator from Tennessee, and said that I was prepared to commence speaking and that I was prepared to speak in some detail that night, but that I wanted to speak on the bill before it was brought up. I did not want to participate in a filibuster. I only wanted to present what I felt was a very important matter to my colleagues in the Senate.

I then told the senior Senator from Tennessee and the junior Senator from West Virginia that I had planned to stand by, to come in at 9 o'clock the following morning and call the Senate to order, if the President pro tempore was not here. Yesterday morning I was called, and it was suggested that the Senator from Arizona [Mr. HAYDEN], the President pro tempore, was here and that it would not be necessary for me to come to the Chamber. So I said I would then be able to go to my committee meeting at 9:30. And I thought I had arranged that I would be called whenever it was necessary for me to speak on the bill.

So I was surprised and amazed when I read that the Senator from Louisiana

was talking about a filibuster and talking about breaking the filibuster. In the peculiar lexicon of the Senator from Louisiana, apparently a filibuster is any speech in opposition to the position he takes. I certainly shall be prepared to understand his attitude in the future.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. METCALF. I am delighted to yield.

Mr. CLARK. Mr. President, may I say that I share the Senator's amazement at what took place yesterday morning. I am fully aware of the requirements of rule XIX, section 2, of the Senate, so I shall say nothing more, I am not only amazed, but also disappointed. I do hope that kind of behavior will not be seen on the floor of the Senate again for many a long year.

I thank the Senator for yielding.

Mr. METCALF. Mr. President, I bring this matter up again merely to set the RECORD straight that as far as the junior Senator from Montana is concerned he was not going to filibuster. As far as the junior Senator from Montana was concerned he thought he had an arrangement with the manager handling the bill, and he thought he had an arrangement with the leadership, represented by the deputy leader, the Senator from West Virginia. Whether the Senator from Maryland [Mr. TYDINGS] was on the floor or not, or whether representatives of what the Senator from Louisiana calls a filibuster position were on the floor, I expected to be shown to me the kind of courtesy and consideration that has been shown to Senators and Members of Congress ever since I have been in Congress these many years. I expected a quorum call or some suggestion that I be called to come to the Chamber to make the speech I was prepared to make and did make later yesterday.

I have no quarrel about setting a time certain and I have no quarrel about voting today. I only have a quarrel about statements made by the Senator from Louisiana trying to overcome some opposition and cut off debate on an important and significant piece of legislation. I say this today and reiterate my position because I want the RECORD completely straight and because I feel some statements made by the Senator from Louisiana yesterday were erroneous.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that I may be permitted to proceed for 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I do not rise to take umbrage in any way with what has been said. I have no reason to feel that the junior Senator from Montana has in any way been unjustly critical of me in his remarks this morning.

I said yesterday about all that I think I could say which would contribute to the clarification of the incident which took place yesterday morning.

The junior Senator from Montana [Mr. METCALF] is the only Senator, as far as I can recall, who personally indicated to me that it was his intention to speak on the conference report. I do not

CONSIDERATION OF CONFERENCE REPORT ON SOCIAL SECURITY AMENDMENTS OF 1967

Mr. METCALF. Mr. President, a story is told about the great lexicographer Noah Webster in which it is said that his wife caught him kissing the cook in the hall; and his wife said, "Noah, I am surprised."

He said, "No, I am the one who is surprised. You are amazed."

I was surprised yesterday, Mr. President, when I was at a meeting of the Committee on the Interior, participating in hearings on nominations to the Indian Claims Commission, and introducing a distinguished constituent of the majority leader and mine, from Montana, to be a member of that Commission.

I thought I had informed the leadership that I desired to speak in some detail on the conference report on the social security amendments before action was taken. I was amazed this morning to read in the CONGRESSIONAL RECORD how the conference report came up yesterday, and I was amazed by some of the statements that were made—especially those made by the junior Senator

think my recollection is in error. However, my memory is not infallible and it could be in error, but I do not think it is. The RECORD is here, if I am in error. Any Senator who may have discussed the matter with me and indicated he had a speech to make can clarify the RECORD.

I was aware prior to yesterday morning of the general situation that a number of Senators wished to speak in opposition to the conference report. I think every Member of the Senate was aware of that. I do not think one could help but be aware of that, even if his only source was the newspaper reports.

But as far as I can recall, again I say the junior Senator from Montana was the only Senator representing the group which opposed the adoption of the conference report who came to me personally and made reference to the fact he had a speech to make. The Senator from Montana [Mr. METCALF] has correctly reiterated the events of that discussion when he said he spoke to the senior Senator from Tennessee [Mr. GORE] on the evening before yesterday at the desk which is now occupied by the able majority leader.

I was at that desk on that late evening and I overheard the conversation between the Senator from Montana [Mr. METCALF] and the Senator from Tennessee [Mr. GORE].

I was brought into the discussion. The Senator from Montana [Mr. METCALF] indicated he had a speech that could be either a short speech or a long speech and that he could make it that evening or the next day. It was agreed he would not make it that evening, and that it would be made the next day.

The Senator from Montana [Mr. METCALF] spoke a few minutes ago of "an arrangement" with the Senator from West Virginia. I have reiterated the only arrangement there was between the Senator from Montana [Mr. METCALF] and me.

I do not think I specifically committed myself, and I do not think the Senator from Montana [Mr. METCALF] asked me to commit myself, to get in touch with him the next day to see that he was here to make the speech.

I do not think there was any arrangement, beyond that of an understanding that he would make a speech the next day.

I believe I am correct in that statement. Am I correct?

Mr. METCALF. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield.

Mr. METCALF. Mr. President, the Senator from West Virginia, as far as the junior Senator from Montana was concerned, was occupying the position of majority leader.

Mr. BYRD of West Virginia. Yes.

Mr. METCALF. It had been the idea of the junior Senator from Montana, and he had been told by the majority leader, my colleague from Montana, that he wanted the Senate to run until 8 o'clock; and in discussing the matter with the junior Senator from West Virginia, who is the acting majority leader, I told him I was prepared to acquiesce in the wishes of the leadership.

Mr. BYRD of West Virginia. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senator will be in order.

Mr. METCALF. I was speaking both to the Senator handling the bill, the Senator from Tennessee [Mr. GORE], and to the acting majority leader, the Senator from West Virginia.

I did not know we had to nail these agreements down. I felt that by acquainting the Senator from West Virginia with my desire to speak on the bill, I would be protected from such action as was taken at 9:30 yesterday morning when, relying upon what I felt was an arrangement made, I went to a committee meeting and participated in a committee hearing concerning a valued constituent.

Mr. BYRD of West Virginia. Mr. President, perhaps the junior Senator from Montana [Mr. METCALF] had good reason to feel that he would be called from the committee and protected in that way. Insofar as I am concerned, the only "arrangement" was an understanding which was conveyed to me by the junior Senator from Montana that he did wish to speak on the next day.

I made no promise at that time that I would contact him. I made no commitment, nor was I asked to do so, that I would get in touch with him. But this was no indication of any design, on my part, to intentionally deprive the Senator of a chance to speak. I merely had the understanding he would speak.

Mr. METCALF. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield.

Mr. METCALF. Mr. President, the Senator from Montana did not require a commitment. All the Senator from Montana wanted from the acting majority leader was the conduct of the business in the Senate so that he would not move to lay a motion to reconsider on the table, so that it would be impossible for the Senator from Montana to speak on the bill as originally planned.

Mr. BYRD of West Virginia. Mr. President, from the viewpoint of the junior Senator from Montana I can understand his feeling that business would be conducted in that way. He has a right to that viewpoint, and I would probably feel as he does, were I in his shoes. He has stated that he required no commitment from the junior Senator from West Virginia. The junior Senator from West Virginia acted in all good faith throughout the entire proceedings. I did not have any conversation with the junior Senator from Louisiana on yesterday morning prior to his motions.

I was asked by the majority leader, when he was required to leave the floor, to close morning business as rapidly as possible and to lay down the unfinished business which was the conference report on social security, and to do so as soon as possible.

When the majority leader left the floor, the acting majority leader came on the floor. Morning business was closed. When the deputy majority leader is on the floor, I do not usually make motions unless he is occupied with other matters. I feel that it is my responsibility to surrender the floor to him.

I believe at that time that he made

the motion to lay down the unfinished business. I am not sure—

Mr. METCALF. The RECORD speaks for itself.

Mr. BYRD of West Virginia. Yes. Events then developed with rapidity. I want to emphasize that I had no previous conversation with the deputy majority leader. Thus, there was no conspiracy here. There had been no intent between the two of us to enter into an agreement to shut off discussion on the part of those who opposed the conference report.

The Senator from Louisiana clearly stated his point of order and moved to lay the conference report before the Senate.

The clerk audibly and clearly reported it.

Three times the Chair put questions clearly, concisely, and audibly. I did not, on the spur of the moment, recall the discussion with the Senator from Montana the night before. The motions were made. The questions were put. This was done all in the space of about one and a half to 2 minutes. I was somewhat surprised myself at the developments which took place without any protest from anyone, without any suggestion of the absence of a quorum, without any negative vote when a Senator representing the Senators who were opposed to the conference report's adoption was in the Chamber and in his seat.

Thus, I thought that perhaps something had developed overnight to which I was not privy and that the protesting Senators were not going to carry on the fight. I had no reason to believe otherwise. I was not privy to any conversations which went on between the group and the majority leader or the deputy majority leader. I knew nothing about those conversations. The only conversation I had was with the junior Senator from Montana.

So, Mr. President, I made a motion to table the motion to reconsider. That is a routine motion around here. I note from the RECORD this morning that both "Mr. BYRD of West Virginia and Dr. DIRKSEN moved to lay the motion on the table."

I did not make that motion with any desire or intent to deny the rights of any Senators who were determined to carry on the debate. I can only say that, and I hope that other Senators will accept it as a statement of good faith and sincerity on my part. I can do more than state it. I regret that this unfortunate development took place. I know of nothing that I can add, except to say that since January 10, 1967, during the year that I have served as secretary of the Democratic conference, I have been on the floor practically every day. I have been on the floor when the Senate convened. I have been on the floor when the Senate adjourned. I have attempted to fulfill every commitment that I have made or thought I made to any Senator.

I have attempted to protect the rights of every Senator who came to me and asked that he be protected. I have called Senators to relay information to them which I thought they should have and which I was not absolutely sure they had requested of me, but which, since it related to a particular subject that they

had discussed with me, I thought I should relay to them, and that I had an obligation to do so. I have done everything I can do for Senators. I have called them in the baths. I have called them in their offices. I have sent word to them in restaurants. I have delayed rollcalls for Senators. I have done everything I could possibly do to assist my colleagues on this side of the aisle and, many times, to assist my colleague on the other side of the aisle.

The PRESIDING OFFICER. The time of the Senator from West Virginia has expired.

Mr. BYRD of West Virginia. I ask unanimous consent to proceed for 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of West Virginia. I am sorry to impose upon the time of the Senate, but this matter has been of a great concern to me as it has to any Senator in this body because, in a manner, I have had my own honesty and integrity impugned—not by the junior Senator from Montana, of course, or by the senior Senator from Pennsylvania—not at all.

But I have attempted to do whatever I could to protect the rights of all Senators, including Senators with whom I do not agree on a particular subject at a particular time. I have felt it my responsibility, as acting majority leader at times, to do what I could, in every instance, for every Senator, regardless of a Senator's philosophy or viewpoint.

The events of yesterday morning were no exception to the case insofar as I personally am concerned.

I cannot speak for the deputy majority leader. He is not here to speak for himself. I try to impute to every Senator that honor and integrity which I think should be the qualities of every Senator.

Mr. President, I rose yesterday only because I thought the entire leadership was being questioned, and I am part of that leadership.

The Senator from Louisiana [Mr. LONG] was being attacked, and I sought to defend him in his necessary absence from the floor.

I trust there will be no further discussion of this matter. I do not care to participate any further in it. But, again, I say that I am sorry that this unfortunate event occurred.

Mr. STENNIS. Mr. President, will the Senator from West Virginia yield?

Mr. BYRD of West Virginia. I yield.

Mr. STENNIS. I want to say this: I do not know about the facts, but I doubt that anyone intended to try to impugn the integrity and the honesty of the Senator from West Virginia. I hope that they did not. I know that they were not successful, because we all know of the very high character and honor of the Senator from West Virginia, and I think that knowledge is shared by all of us.

I just cannot believe that anyone would try to impugn the Senator's integrity. So perhaps he is mistaken in thinking that. Anyway, it was not successful, because it could not be successful.

I appreciate the sentiments toward the Senator from Montana whom I appreciate very much as a fellow Senator whom

I admire. He made a very sincere statement on that.

Mr. BYRD of West Virginia. Mr. President, I thank the Senator from Mississippi.

Again I say, I do not think any Senator on the floor has attempted to impugn my integrity today, but I think a reading of the RECORD will show that some doubt was cast yesterday by a Senator upon the integrity of the leadership, and statements were made about the integrity and honesty of Senators and about decency, and so forth, and so forth. The Senator from Montana [Mr. MANSFIELD] was clearly excluded, so that his integrity was not impugned. By implication, it could be inferred that my integrity, as a Senator who is the junior member of the leadership, was being questioned.

The question which I asked yesterday of that Senator—with whom I had had no previous discussion or understanding and to whom I had no commitment—as to whether he was accusing me of deceit, was never answered.

Thus, so far as I am concerned, I am sure that the RECORD is absolutely clear on the point as to whether the integrity of members of the leadership was impugned.

Nevertheless, the record of one's own good intentions and one's own heart and conscience is clear to each individual, and that is as far as he can go.

I have done the best I could. I do not feel that I owe any apology to anyone, and I make none, and I am sorry that I did not call the Senator from Montana. I am sorry that I tabled the motion, now, because as I reflect back and as I hear the expressions of the Senator from Montana, I can understand that, on the basis of his discussion with me on the evening before yesterday, he, I think, would rightly expect me not to table the motion and to somehow protect him. But as far as the information which was available to me is concerned yesterday morning, perhaps the Senator from Montana, had he stood in my place, would have acted as I did.

Mr. METCALF. Mr. President, will the Senator yield for a moment? I do not want to belabor this.

Mr. BYRD of West Virginia. Yes; I yield.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METCALF. Mr. President, I only regret that the Senator from West Virginia was not as solicitous in the discussion he had with the Senator from Montana as he has described the solicitude he has exercised over the year that he has occupied the position of assistant majority leader; and I hope that in the future a Senator will not have to have a watch on the floor to protect his rights when he is attending to other business on committee; and I hope in the future, when a Senator speaks to one of the leadership and speaks to one of the Senators in charge of a bill, that

will be sufficient warning that the Senator wants to speak on the bill before any formal action is taken and that actions such as took place yesterday will not again occur.

Mr. BYRD of West Virginia. Mr. President, I hope, as far as my intentions were concerned, I was as solicitous yesterday morning of the interests of the junior Senator from Montana as I have been throughout the year of all Senators.

I can only express the hope that the leadership will, in accordance with the wishes of the junior Senator from Montana, next year do whatever it can at all times to protect the interests of all Senators. That has been my intention throughout this year, and it will be next year. And I also hope Senators will be on the floor to protect their own rights as far as they can. They all know when the Senate convenes. They all know the rules of the Senate. I think every Senator has a little bit of responsibility to act in his own interests and to protect his own rights.

I ask unanimous consent to have printed in the RECORD an excerpt from the CONGRESSIONAL RECORD of yesterday showing the sequence of events when the conference report was brought before the Senate.

There being no objection, the excerpt from the RECORD was ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY AMENDMENTS OF 1967— CONFERENCE REPORT

Mr. LONG of Louisiana. Mr. President, a point of order. Under the rules, does the conference report on H.R. 12080 automatically come down at this point, or must I make a motion?

The PRESIDING OFFICER. Not until after 2 hours have expired following the convening of the Senate.

Mr. LONG of Louisiana. Mr. President, I move that the conference report on H.R. 12080 be laid before the Senate.

The PRESIDING OFFICER. The clerk will state it.

The LEGISLATIVE CLERK. A bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

The PRESIDING OFFICER. The question now is on adoption of the conference report.

The motion was agreed to.

Mr. LONG of Louisiana. I move that the vote by which the conference report was agreed to be reconsidered.

Mr. BYRD of West Virginia and Mr. DIRKSEN moved to lay the motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I would hope that this matter would be buried and forgotten and not remembered. We are all subject to not thinking things through, to moving accidentally, and we are all, in some form or another, involved in incidents now and then. So I would hope that this matter would be put to sleep and not resurrected any more, because there is nothing to be gained by carrying on the argument, ex-

cept to create more friction and abrasiveness among Members of the Senate, and it is too late in the year to get caught in a bind of that nature.

As far as the Senator from West Virginia is concerned, there is no man in this body who is more sincere, more honest, more hard working. He has been a tower of strength to me as far as the leadership is concerned, and when I have left the floor and asked him to carry out certain instructions, he has done so unflinching and willingly and at great sacrifice to himself.

So I commend him for what he has done, and I hope in the year ahead our relationship will be just as close, and even closer than it has been this year. But, Mr. President, I think we have spent too much time on this incident—this accident. I hope it will be buried, and buried permanently, because there is nothing to be gained by raising it time again and again and again.

SOCIAL SECURITY AMENDMENTS
OF 1967—CONFERENCE REPORT

The PRESIDING OFFICER. The clerk will state the unfinished business.

The ASSISTANT LEGISLATIVE CLERK. Report of the committee on conference on

the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

There being no objection, the Senate resumed the consideration of the report.

Mr. BREWSTER. Mr. President, the social security bill clearly is one of the most important pieces of legislation to come before the Congress this year. It has undergone intensive study in both Houses, and a compromise measure has resulted.

The two major features of this bill that concern me are the increased benefits for the elderly and disabled and the provisions on Federal welfare payments.

The benefits sections are of vital and immediate importance to nearly 24 million citizens. The bill provides that they receive a 13-percent increase in monthly benefits with a minimum payment of \$55 a month. All together, this amounts to \$3.6 billion in additional benefits to our elderly citizens.

There can be no quarrel with this benefits program. An increase in social security payments is long overdue and should be approved.

The Federal welfare payments are another story. The bill would impose severe restrictions. It would limit the amount of aid to families with dependent children and, in fact, freeze such payments as of January 1, 1968. It also would require job training for recipients of such aid.

The matter of welfare is a problem not easily solved at any level of government. It has great social and economic consequences in the States and the cities. They undoubtedly would be required to assume a considerable financial burden on very short notice if the Federal welfare program is restricted.

In my own State, the Department of Public Welfare has estimated that the proposed freeze on Federal welfare allotments would cost Maryland several hundred thousand dollars in additional State welfare funds in the next fiscal year.

In addition, the bill might require Maryland to provide day-care centers for the 80,000 children who now receive welfare grants in the State. This would cost another \$2.4 million annually.

I am sure that every other State, and many of our major cities, would have similar experiences.

Without now getting into a social or philosophical discussion of welfare programs, I think it is clear that Congress

must give this matter much more careful consideration.

Mr. CLARK. Mr. President, the Senate bill, in my judgment, took a humane and intelligent approach to the problems of the poor and successfully avoided the pitfalls of the overly restrictive and parsimonious approach adopted by the other body.

The conference report with which we have been presented bears little or no resemblance to the excellent bill which the Senate passed. This is not a compromise bill; it is a cave-in bill.

Let me mention a few of the more important issues on which this conference report represents what seems to me a tragic retreat from a sound Senate position.

First, the level of social security benefits. The Senate approved an across-the-board increase of 15 percent, certainly no more than is justified in view of the price squeeze on our elderly people. The House figure was 12½ percent. The conference figure was 13 percent. In other words, the Senate conferees came down four times as much as the House conferees came up. That is, indeed, a strange way to reach a "compromise." In addition, the Senate conferees raised the minimum monthly payment to \$70; the House raised it to \$50. The conference figure is \$55. So on this issue the Senate conferees came down three times as much as the House conferees came up.

Second, the freeze on aid to dependent children. The House bill contained an iniquitous provision freezing payments under the aid to dependent children program, as a result of which thousands of children all over the country will be deprived of welfare support. We were successful in the Senate in stripping this punitive legislation out of the bill. The conference has put it back in, with only slight modifications which do not really ameliorate its serious effects.

Third, earning exemptions. The Senate bill had provided that \$50 a month of earnings and half of all other income would be treated as exempt in computing the amount of welfare to which a recipient is entitled. Under the House bill the exemption was limited to \$30 a month and one-third of all additional income. The Senate receded completely on these provisions.

I shall not describe each of these retreats in detail. These various points have been fully discussed by Senators who share my views; and I completely endorse their comments. But I should like to comment briefly on the procedure under which this conference report comes to us.

Simply put, we are being confronted with this conference report on a take-it-or-leave-it basis. We are given no option to try to improve it. We are given no chance to send it back to conference with directions to our conferees to bar-

gain a little harder for the Senate's position. We are, instead, being told we must vote for this bill or risk a delay in the payment of the increased benefits which it authorizes.

Mr. President, this is pretty close to legislative blackmail, and I do not intend to be a party to it. I believe it is unconscionable that the Senate should be placed in this position. Whatever action the Senate takes, whether to approve or disapprove this conference report, we shall be acting under procedures which effectively prevent a majority of Senators, who I am sure share my view, from doing the one thing we should do—go back to conference and bring out an improved bill for adoption by both Houses.

It is therefore a hard decision as to whether to vote to approve this conference report or not; but I have concluded to oppose it—not because I think my views will prevail, but as one Senator at least protesting against what is being done to the Members of the Senate who want a good bill; and what is being done, too, to the President of the United States, who wants a good bill and is not getting it.

I am not concerned, and I do not mean to be threatened, by the suggestion that those who vote against this conference report are signing their own political death warrants because we might be postponing for 1 or 2 or even 3 months the payment of additional benefits to the old people of this Nation.

In my view, the sound political position is this: There are 435 Members of the House of Representatives, no one of whom dares run for reelection next year without an increase in social security benefits—and it should be an increase far higher than what the niggardly House of Representatives and its leadership were prepared to give.

Thirty-three Senators are running for reelection next year; and not one of them dares run for reelection without giving the older people of our country fairer benefits than this bill provides.

If this conference report is rejected—and I hope it will be—we could take up the matter anew next year. We can get a good bill. The Senate conferees can have time to negotiate fairly and properly, and not be under the gun of imminent adjournment.

So, Mr. President, I think the politics as well as the ethics of the situation call for a rejection of the conference report, and I mean to vote against it.

Mr. President, I yield the floor.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

December 15, 1967

CONGRESSIONAL RECORD — SENATE

S18847

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOCIAL SECURITY AMENDMENTS OF 1967—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the bill (H.R. 12080) to amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

Mr. SMATHERS. Mr. President, I want to express my full support and endorsement of a solid legislative achievement. The social security bill now before us is the product of months of hard work and honest effort. It is a good bill which will put billions of needed dollars into the pockets of tens of millions of older Americans.

Of course, you cannot please everyone. There are those who are perfectly willing to see this particular "baby" go down the drain with the "bath water." I am not one of those people. There is absolutely no reason for the Senate to deliberately sacrifice a perfectly sound legislative proposal simply because someone in the Senate could not have everything he wanted in the bill. I have been in the Congress quite a few years and I have participated in a good number of conferences. As most Senators know, working out a conference agreement is no different from politics in general—it is the art of the possible considering the facts of life.

We were confronted head on with those facts of life by the House conferees.

Repeatedly, we were reminded, and I must say not without reason, of the need to proceed carefully in terms of the amounts of money which might be poured into the economy, as well as the question of how much new social security taxes could be imposed. All of this was

framed against the background of probable consideration, early next year, of proposals to increase income taxes through a surtax charge. The need to economize and the need to proceed cautiously, in the imposition of new payroll taxes were weighed against the need to better provide for our older population. In my opinion, a generous and good balance was struck. Consider some of these facts:

First, social security beneficiaries will receive at least a 13-percent cash increase. In absolute dollars, this amounts to the greatest single increase since the inception of the Social Security Act—\$3.6 billion in the first full year of operation.

Second, the minimum cash benefit is increased by 25 percent—from \$44 to \$55.

Overall, cash benefits are increased by more than 14 percent. Here are some more facts to put this in proper perspective:

Assuming we adopt the conference report, Congress will have increased social security benefits by 21 percent since 1965. The minimum benefit will have gone up by about 40 percent since 1965.

Not only that, but in 1965 we enacted medicare, which added the equivalent of about another \$170 or \$175 a year for each and every older person in the program.

That is a record of generous response to the needs of the elderly.

I suppose, however, that no matter what we do, it can never be enough. There are other programs and other needs to consider when we legislate. There are other valid claims on the Federal tax dollar; and, lest we forget, there are our responsibilities to the taxpayers who would ultimately have to bear the burden of any openhanded, open-ended generosity. Let us face it, Mr. President. I think most of us recognize that the social security increases in this bill are substantial and will certainly improve the financial situation of about 24 million Americans. I just cannot see how anyone can really contend that a \$3.6 billion increased payout is the product of a miserly Congress.

WELFARE

We have heard a lot of talk about cut-backs in the aid for dependent children program. The Department of Health, Education, and Welfare's estimates indicate no overall reduction in Federal dollars flowing to the States because of the so-called freeze. As a matter of fact, the estimated expenditure for day care services, family planning services, and work training will inject hundreds of millions of additional dollars into the aid to families with dependent children program. All these features will serve to relieve pressure on the AFDC limit. Because of the inclusion of these work and work training and family planning provisions, HEW changed its estimate of a cut of \$18 million in AFDC payments resulting from the freeze, to "no reduction." We are not cutting back or shirking our responsibilities in that area. We are trying as best we know how to refocus our efforts. We are dedicating dollars to the proposition that work and work training will help people to help themselves. This

bill provides the means and mechanism to help the poorest of the poor, through work, to feel, at the least, a measure of pride and self-respect, and at best, that some pride and self-respect coupled with independence.

Welfare will no longer leave these people to the "doldrums of dole."

We have heard a lot of talk and passed a few bills during the past few years designed to provide economic opportunity for our less fortunate citizens. I have every hope that some of that sense of adventure and excitement carries over to the new program and succeeds in getting some of these people off the welfare rolls and back to work again so that they may make a serious and sizable contribution to the economy of this country.

There are some who call this work and work training program "the end of the world." There is loud lamentation and much handwringing. Why not look at this as possibly opening the door to a new and better world for hundreds of thousands of unfortunate citizens? Why are there always these prophecies of doom and gloom? Why not let an exciting and imaginative idea be tried first.

There is no question in my mind that all of us know that we need to take a positive approach to our welfare problems. The provisions in this bill constitute for the first time a positive approach. We in the Congress are practical men. If the new program exhibits flaws after it is operating, we can always go back to the drawing board and make whatever changes we might think are necessary.

The House conferees made it clear as a crystal to the Senate conferees that if this social security bill were not agreed to, there would be no further conference and they can make it stick. The 1964 Social Security Act did not please the House conferees and it was not enacted. They let it die in conference. The same thing happened in 1966 with respect to the unemployment compensation bill. The Senate had been overly liberal from the House viewpoint in the benefits we required in our bill. The House conferees just refused to agree to anything in that bill and it died in conference. This year we have seen the unyielding attitude taken by many of those who serve on the House conference, with respect to the President's request for a 10 percent surtax increase. Those people are not yet willing to agree to a surtax and they just are not going to let it come about. They have not yet had the third day of hearings on the bill.

If this conference report is not agreed to, those who oppose it will not be able to say that they were hopeful of getting some liberalizing changes in a second conference. There will be no second conference. But they will have to bear the responsibility for denying nearly 24 million aged, sick, widowed, and orphaned people of \$3.6 billion in social security increases. That is what they will accomplish if they defeat the social security conference report.

Mr. President, as one of the Senate conferees, I was more than a little upset over the allegation that all we did was walk into the Ways and Means conference room and "roll over and play dead."

That allegation is simply just not true. On the major items in which we receded, we reluctantly backed off because of a rock-hard flat statement by the House conferees:

Your amendment is completely unacceptable. The House will not approve a bill which increases taxes much more than the bill which the House sent to the Senate.

As the senior Senator from Kansas knows, not a single House conferee would recede. They also carefully and frequently pointed out to us that the Senate, in its generosity, had overlooked the need to impose an additional \$1½ billion in new taxes required to pay for the Senate bill. Mr. President, that was not bluff or bluster. It was obvious that they meant it. For those who think it not so, let me remind them of Senator Long's recitation of the amendments sponsored by Senate conferees and passed by the Senate which we were forced to abandon. Make no mistake about it. The amendments of the Senate conferees were also deleted.

In my own case, it meant the loss of an amendment which I have pressed for several years—that is, the continuation of unlimited tax deduction of medical and drugs expenses by taxpayers age 65 or over. The Senate adopted my amendment in 1965, again in 1966, and once more this year. But once more, the House stood like a stone wall and adamantly refused to authorize this vital tax relief for our older citizens. So you see, we all have our conference scars.

Mr. President, as I have said, this is, on balance, a good and a sound bill. It is actuarially sound. Each benefit carries the tax necessary to pay for it. How can the U.S. Senate refuse to give 24 million American citizens on social security the increased benefits they need and deserve?

Before we come to a final vote on this bill, let me reiterate what the chairman said on Wednesday when he opened debate on the conference report. The AFDC freeze which has been so vigorously assailed, is not the bug-a-boo some people fear. Because of the operation of other provisions in the social security bill—those which provide work-training, family planning services, day care services, and aid in seeking support from runaway parents—the Department of HEW has changed its attitude about the effect of the freeze and now estimates that it will not reduce Federal welfare expenditures one iota. In other words, they feel it just is not going to apply. The Senate conferees were successful in getting some changes in the House freeze before we agreed to it. Those changes also contributed to the new departmental attitude regarding the freeze.

As for working mothers, again the conference bill is not as onerous as it has been portrayed. The conferees requested the Labor Department to advise them as to how they proposed to implement the new work incentive program included in the final bill. They indicated that their initial efforts would be directed to those areas of welfare recipients where the potential for rehabilitation would be the greatest and that relates, in their judgment, to unemployed fathers. Their next concern would be directed toward the

high school dropouts because there, too, the potential for rehabilitation, they believe, is significant. As a general rule, the cost of training these persons will be less than the cost involved with respect to welfare mothers, because where a mother is concerned, the State will have to make additional expenditures to provide the child-care services required under the conference agreement. Welfare mothers will be the last group to be brought into the work program. I do not mean to imply that no mother will be brought into a work-training program until all fathers and other persons have been trained, but I do mean to say that as a group, they will not receive the priority the Labor Department plans to devote to the other groups.

In my opinion, if Senators are concerned about the plight of the welfare mother under the conference agreement, their concern relates to the distant future, not to the present or the foreseeable future.

Moreover, the State welfare agencies will write the regulations on who is appropriate for referral. For example, if a State wants to exempt mothers with preschool children it can do so. It can exempt any other class of mothers if it wants to. The legislative history—from the House committee report—states very clearly that "in some instances—where there are several small children, for example—the best plan for a family may be for the mother to stay at home." What the opponents of the provisions in the bill do not realize is that the States are now allowed to cut off a family's welfare payment if a parent refuses to work or refuses to take training. And, many States are doing just that. For example, in New York State when a father refuses work without good cause they cut off aid to the whole family. And New York does that every day. Under the bill, New York State will have to continue aid to the children in such cases. For the first time there will be restrictions on the States. How can anyone characterize such a provision as regressive?

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. SMATHERS. I am delighted to yield to the distinguished senior Senator from Kansas, who is a member of the conference committee.

Mr. CARLSON. Mr. President, I rise to support the conference report, and I wish to associate myself with the remarks of the distinguished Senator from Florida, with whom I have had the privilege of serving on the Senate Committee on Finance, where we wrote this bill, from the Senate viewpoint.

We had weeks of extended hearings and we had weeks of executive sessions; and, as the distinguished Senator has stated, he does not fully approve of the conference agreement. I can assure the Senator that some amendments I had offered, which were adopted in our committee and were adopted on the Senate floor, were stricken from the bill. Therefore, I appreciate that situation.

I am pleased to associate myself with the distinguished Senator from Florida and the distinguished Senator from Indiana [Mr. HARTKE], who now occupies the Chair, who participated in the hear-

ings and the executive sessions in which we wrote the bill that was submitted to the Senate.

The conference report provides for an increase in benefits for some 24 million Americans by at least 13 percent, with an increase of 25 percent for many at the bottom of the scale. There are other features of the bill.

Many of the welfare provisions in the bill reflect the increasingly congressional concern over soaring costs of these relief programs.

The social security system is in danger of becoming a prime example of what can go wrong when a successful government is pushed beyond its purpose.

The original principles on which the social security system is based are still sound. But in recent years, Congress has been getting further and further from these principles.

Social security has been growing far faster than any other kind of Government spending. And the United States clearly has come to a point where the system is exerting real pressure on the Federal budget. More social security means less of something else—education, health, funds for the cities. A lower level of overall taxation should also be listed among the alternatives.

Higher social security benefits are a tempting weapon to use in the war on poverty. But they are an expensive weapon. Because benefits continue to be wage related, it costs about \$3 in higher benefits for each extra \$1 that goes to the poor or near poor. So the use of social security to help the poor means massive growth for the system whether or not higher benefits are the best way to provide protection for the broad middle of society.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the increased benefits, as a result of this measure, for individuals and couples; also an editorial entitled "Society Security Package," published in this morning's Washington Post, which I believe expresses the concern of the citizens of our Nation in regard to where this program is heading with respect to future benefits.

There being no objection, the table and editorial were ordered to be printed in the RECORD, as follows:

NEW BENEFITS TABLE

Here are tables showing Social Security benefits and tax levels in present law and in the compromise Social Security bill agreed upon Thursday night.

Retirement benefits (these are maximum potential payments and are not available in all cases to a person retiring now):

Average monthly earnings	Individual		Couple	
	Present Law	Bill	Present Law	Bill
\$67-----	\$44.00	\$55.00	\$66.00	\$82.50
\$150-----	78.20	88.40	117.30	132.50
\$250-----	101.70	115.00	152.60	172.50
\$350-----	124.20	140.00	186.30	210.60
\$450-----	146.00	165.00	219.00	247.50
\$550-----	168.00	189.90	252.00	284.90
\$650-----	168.00	218.00	252.00	323.00

Maximum taxes payable each by employer and employee:

Period	Present law	Bill
1968-----	\$290.40	\$343.20
1969-70-----	323.40	374.40
1971-72-----	323.40	405.60
1973-75-----	356.40	440.70
1976-79-----	359.70	444.60
1980-86-----	366.30	452.40
1987 and thereafter-----	372.90	460.20

The maximum annual earning now subject to the Social Security tax is \$6600. Under the pending bill this would increase to \$7800 next year.

[From the Washington Post, Dec. 15, 1967]

SOCIAL SECURITY PACKAGE

The social security bill reported out by the House-Senate conference is a measure of breath-taking comprehensiveness. It provides for a record-breaking increase in old age benefits, schedules increases in social security taxes for the next 20 years, limits aid to dependent children and grapples with the issue of drug prices in Federally supported health programs. It is an imperfect bill, but fortunately one that can be improved later as Congress comes to grips with some of the issues that it neglected this time around.

The conference agreed to raise the income base on which social security taxes are levied from \$6600 to \$7800 on Jan. 1, 1968, and to advance the combined taxes which employers and employees pay on that new base from 8.8 to 9.6 per cent on Jan. 1, 1969. Subsequent increases on the \$7800 income base would increase the tax rate to 11.8 per cent in 1987, at which time the employees' maximum contribution would be \$460.20 as against the present \$290.40.

A decision to raise social security taxes by 57 per cent over a 20-year period raises a number of important questions. How will this payroll tax affect the demand for labor? Will young people now entering the labor force realize benefits that are commensurate with their contributions? Will not freezing the income base at \$7800 preclude the use of general revenues in financing benefits for low income people? None of these questions—and a host of others that impinge on economic growth—received adequate consideration in the course of the debate. And yet they must be answered if Congress is to make intelligent long-range plans.

The adoption of the House freeze on payments under the Aid to Families with Dependent Children is deplorable, particularly at a time when the urban slums are threatened by unrest. If the Senate accepts the decision of the conferees today, as seems likely, efforts should be made to reverse it at the earliest opportunity. In grappling with poverty it would, however, be preferable to enact a modest negative income tax that would give the poor the difference between what they earn and the tax exemptions to which they would be entitled if their incomes were higher. The advantage of the negative income tax, which has been endorsed by the president of the Ford Motor Company and many other prominent figures, is that it would provide an income floor for the poor without destroying the incentive to earn more and without subjecting them to the indignities suffered under the current welfare programs.

The insidious drug lobby was delighted with the decision to all but scuttle Sen. Russell B. Long's amendment compelling the use of the lowest priced drugs, specified by their generic names, in all Federal health programs. But their victory may prove ephemeral. In the Federally supported medical program, the bill provided that states can only reimburse for drugs when there are "reasonable charges, consistent with efficiency, economy and quality of care." Surely the

Federal Government should everywhere adhere to the principle of purchasing only at the lowest prices. And unless the pharmaceutical industry adopts enlightened pricing policies, more comprehensive and stringent drug provisions will be enacted.

Mr. CARLSON. Mr. President, I believe it is best that we take a serious look at where we are headed, not only this year or next year, but also 20 years from now, when the young men and women enter the labor force. They will be paying into the social security fund for probably 40 or more years, and we should consider what they can expect when they retire.

More and more of our young men and women in the labor force are seriously concerned that the contributions they will be required to make in future years will be of no substantial value as they reach retirement age.

I appreciate the statement of the distinguished Senator from Florid, and I thank him for yielding to me.

Mr. SMATHERS. Mr. President, I am grateful to the distinguished Senator from Kansas for his statement. I am delighted that he has emphasized—and I believe we should continue to emphasize—that, after all, we are putting a tax on approximately 80 million people who work and who pay the tax.

While we would like to give an unlimited amount of benefits, and while I am sure that any Senator in the Chamber would open his heart and his pocketbook if he had it to give so that everybody would have everything they felt they needed or wanted, we must remember that we are putting an ever-increasing burden on the people who are working and contributing to make the new program work.

We are increasing the tax. We must remember that if we have a surtax in the first part of next year, there will be a sizeable tax increase for every working person in the United States. So, while we talk about our great concern for the elderly people—and I believe we have treated them more than generously in this bill—in fact, I know we have—let us also remember that we must have concern for the younger people, who are in the labor force today, who are having over 4 percent—pretty soon 5 percent—of their pay taken away from them and put into the social security trust fund.

I appreciate particularly what the Senator from Kansas has said in that respect.

In closing, I would merely say that those who have objected primarily to the conference report are those who are concerned about 800,000 mothers on welfare, many of whom are unwed, many of whom have, unfortunately, large numbers of children.

What we sought to do and what the House sought to do in the conference report was to make them, as someone has said, not taxpayers but taxpayers. If it is possible to rehabilitate them and put them back to work and let them work by providing day care centers, and so forth, we want to do so. But although they amount to approximately 800,000 people, we are talking about benefits in this bill to elderly, sick, disabled, and dependent citizens. I do not believe we should en-

danger the 23,700,000 elderly citizens and others receiving social security benefits, who are to receive the 13-percent benefit increase under the bill, because of a real and genuine concern about some 800,000 others who come under the welfare provisions. We can concern ourselves with them very seriously at the beginning of next year.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. SMATHERS. I am delighted to yield to the distinguished Senator from Nebraska.

Mr. CURTIS. Mr. President, I commend the distinguished Senator from Florida for his statement.

While this bill does not contain everything that many people would like, it contains so many very good provisions that a vote against it would be a vote against progress in this field.

I wonder whether the Senator would yield at this time so that I may ask for the yeas and nays on the conference report.

Mr. SMATHERS. I am happy to yield for that purpose.

Mr. CURTIS. Mr. President, I ask for the yeas and nays on the conference report.

The yeas and nays were ordered.

Mr. SMATHERS. Mr. President, in closing, I also take this opportunity to extend the Finance Committee's thanks and appreciation to Mr. Fred Arner and the staff of the Education and Welfare Division of the Legislative Reference Service in the Library of Congress who put in so many long, hard hours of work on this bill. As always, and despite the fact that their Division is under heavy workload pressure, Fred and his fine people rendered yeoman service to the committee. Without their talents this social security bill would have progressed more slowly and would have been less technically perfect.

Mr. President, on behalf of the Finance Committee conferees I express particular gratitude to the staff. They have done a good job.

Mr. SYMINGTON. Would the Senator from Florida yield for a question?

Mr. SMATHERS. I would be glad to yield.

Mr. SYMINGTON. This concerns the provision requiring State welfare departments to provide for the training and use of nonprofessional staff and volunteers in the health, child welfare, and public assistance program.

When the social security bill was in conference, the Governor of Missouri wrote the conferees about this provision.

He stated:

Section 209(a) of H.R. 12080, as passed by the Senate, provides for the use of non-professional staff and volunteers by the State Welfare Departments in providing services to the individuals applying for and receiving assistance. This is mandatory effective July 1, 1969, and could impose problems in Missouri and probably in some other states as well. Under this amendment, each state plan for public assistance or medical assistance must provide for the training and effective use of paid non-professional and voluntary staff. Particular emphasis is to be placed on the employment of full or part-time public assistance recipients.

The Missouri Constitution requires that all employees of the State Department of Public Health and Welfare shall be employed under the State Merit System through competitive examination administered by the State Personnel Division. I do not see how Missouri could possibly comply with Section 209(a) of H.R. 12080 as passed by the Senate without a change in the Constitution. As we all know, changing a State Constitution is an involved, laborious, and unpredictable undertaking. Therefore, I urge that Section 209(a) of H.R. 12080, as passed by the Senate, be removed by the Conference Committee.

I would ask the Senator from Florida whether this situation was clarified in conference?

Mr. SMATHERS. The provision referred to by the Senator from Missouri was retained in conference.

We did take up with the Department of Health, Education, and Welfare the question of its impact on State constitutional provisions requiring all public positions to be subject to competitive examination.

The Department has assured us that State constitutional provisions were not invalidated by this amendment.

They report that the requirements imposed by section 210 of the bill for use of subprofessional staff in public assistance programs would appear in the public assistance titles of the act in the same paragraphs or clauses that require State plans to include methods relating to the establishment and maintenance of personnel standards on a merit basis. It is very clear, therefore, that the positions filled by subprofessionals must be under merit system standards.

Even if the Federal merit system standards were to permit exemption of some subprofessional positions from the merit system, there is nothing that would preclude the State from requiring that subprofessionals meet the State's own merit system standards.

Mr. SYMINGTON. I thank the Senator from Florida.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of the remarks of the Senator from Maine the distinguished Senator from Oklahoma [Mr. HARRIS] be recognized.

The PRESIDING OFFICER (Mr. HARTKE in the chair). Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I approach the vote on H.R. 12080 with mixed feelings. The improvements in social security benefits, although less than the Senate had approved, do represent substantial benefits for more than 24 million Americans now eligible for benefits under the program.

At the same time, several features of the public welfare provisions of the bill are objectionable and regressive. They are provisions, which if allowed to stand, will hurt the program, injure hundreds of thousands of poor men, women and children, and hinder our search for a better answer to the vicious cycle of poverty which afflicts too many families in all areas of our country.

I object to the provision which restricts

ADC benefits under the unemployment program to children of unemployed fathers with a "recent and substantial" connection with the labor force. This eliminates the current provision benefiting children of unemployed mothers.

I object to the mandatory employment features which affect mothers of children eligible for ADC payments. I recognize that horrible examples can be presented by those who complain of burgeoning ADC rolls; but I cannot agree that those who are poor should be treated as second-class citizens, and I cannot condone a policy which punishes parents by injuring their children.

I object to the provision which places a freeze on the total ADC payments in the several States as of the total number of cases outstanding January 1, 1968. This will not halt the increase in the number of poor. It will not solve the fiscal problems of the Federal, State or local governments. It will place an intolerable burden on those States and cities to which the rural poor are fleeing. They are seeking opportunity. They are threatened with poverty compounded by the dangers and horrors of the urban ghetto.

For these and other reasons, Mr. President, I am opposed to the conference report as it applies to welfare programs. At the same time, I recognize the problems we face because of the lateness of the hour, the complicated nature of the legislation, the equities of the older citizens whose right to adequate financial support is tied up in the legislation, and the adamant position of the House of Representatives on the issue. I have come to the reluctant conclusion that a delay in consideration of this legislation will not change the climate. It can only serve to confuse the issue, increase antagonisms among significant groups in the country toward the poor, and lessen our chances for correction of the adverse welfare provisions.

For these reasons, Mr. President, I am constrained to vote for the conference report. At the same time, I wish to announce my intent to work with my colleagues in a search for corrections in the existing, onerous welfare provisions and—more importantly—for new approaches to the problem of poverty and its destructive impact on millions of our citizens and on our society.

I hope that the Senate will not make the narrow question of the present conference report the focus of the poverty issue. Even if we corrected the pending legislation in line with the Senate version, we would still have a long way to go. Our principal objective must be to use this legislation and its deficiencies as a base from which we can move to reform our society and correct the inequities which stand between millions of our fellow citizens and the promise of our Constitution.

Mr. HARRIS. Mr. President, I yield to the junior Senator from Montana without losing my right to the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. METCALF. Mr. President, I thank the Senator from yielding to me. I have asked the Senator to yield to me so that I might make the following unanimous-

consent request before the final vote on this important conference report.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement made by Representative Urr on the floor of the House of Representatives on December 13, 1967, which appears on page H16879, in which he stated:

About 90 percent of the conference report is the House bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

Mr. Urr. Mr. Speaker, I signed the conference report because I think we did the very best we could between the House bill and the Senate bill. About 90 percent of the conference report is the House bill. I think that we improved it considerably, with one exception. We added about \$200 million a year more in cost to it. While I signed the report, I am going to offer a motion to recommit to the conference committee in order to bring the bill back in compliance completely with the House-passed bill.

I know the bill will be passed, but I just feel that we are looking down the road to complete socialization, to the complete nationalization of medicine. I predict that within 30 years from today medicare, Medicaid, hospitalization, doctors, nurses, and the pharmaceutical industry will be nationalized 100 percent and will be under the control of the Government. That will be because of the pressure we are seeing on the outside today by those people who want more than they are getting under social security. It will come from the people under 65—and I do not blame them—who do not get medicare from the Government, who do not get the benefits that older people get. Yet they have to put up their own money to pay their bills. They will demand more and more and more. The result will be that we will nationalize the medical business, the hospitals, and the doctors. This will result in a decrease in the quality and quantity of medicine, now so available under the free enterprise system.

Mr. METCALF. Mr. President, I also ask unanimous consent to have printed in the RECORD a motion to recommit, offered by Mr. Urr in the House of Representatives on December 13, 1967, which appears on page H16881 of the CONGRESSIONAL RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

MOTION TO RECOMMIT

Mr. Urr. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. Urr. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

"Mr. Urr moves to recommit the conference report on the bill (H.R. 12080) to the committee of conference with instructions to the managers on the part of the House to insist on the language of sections 101 and 108 of the House-passed bill which provides a 12½-percent benefit increase, a minimum primary insurance amount of \$50, and an annual contribution and benefit base of \$7,600."

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial published in the Boston Globe.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Boston Globe, Dec. 13, 1967]

LET 'EM EAT CAKE

With Congress racing to get away from Washington for a month's Christmas vacation, there is probably little to be done about the Conference Committee's agreement on amendments to the Social Security law except to deplore the committee's niggardliness.

Deplored, then, it is. And to the hilt. It comes on the heels of another such committee's cutting of the antipoverty authorization a few days earlier, the slashing of foreign aid funds and the pittance distributed with such fanfare for the Model Cities program. It comes at a time when billions are still pouring uninterruptedly into government financed research for supersonic aircraft, safe automobiles, nuclear produced gas and oil and other such private industry projects, including virtually unsupervised spending by the arms and munitions industry.

It confirms fears that any cuts which Washington is about to make in spending will be at the expense of those least able to pay and least able to defend their interests.

It justifies the outrage of progressive senators who will demand (forlornly at this late date) that the Senate reject it and return it to a new and rectifying conference.

Its most regressive feature is the proposed revision of welfare laws curtailing benefits to welfare mothers and dependent children. A government once called humanitarian has decided to save a few dollars at the expense of children whose crime is that they unwisely chose to be born into welfare families after a legislatively prescribed cutoff date.

Children and welfare mothers are hit at one end of the bill and the aged ill at the other. Typical is the provision limiting the sum which the aged infirm may deduct from their income taxes for medicines and drugs. This is not only unfair but an instance of borrowing from Peter to pay Paul, for plainly the aged poor will have to get the money for essential medication from one quarter or another—if not out of deductions from taxes, then from welfare or private charity and with all of the humiliation forced on such recipients.

Great to-do has been made of an increase of \$1680 from the current limitation of \$1500 in the wages which may be earned without losing Social Security benefits. But this is merely to continue a gross inequity, for the premiums already have been paid and there is no such limitation at all on unearned income.

The crowning bit of nonsense is in the meager increase in benefits, an increase which underscores the fact that the Social Security law is not a security law at all, but an insecurity law. There can be no objection to the proposed increase in premiums. But \$1680 a year (the maximum now permitted in wages) plus \$55 a month (the new minimum in Social Security monthly benefits) figures out at \$45 a week, which is scarcely enough to maintain a man without other assistance—other assistance which the law, in theory, is intended to obviate.

The compromise, says the A.F.L.-C.I.O., is inhumane. It may not be that. But it comes close.

Mr. HARRIS. Mr. President, it is obvious that this conference report will be adopted overwhelmingly. Therefore, I would like to make three brief announcements. First, Mr. President, those who had hoped to work out some way that the social security benefits could be passed separately while we held up the harsh welfare provisions have been unsuccessful in every attempt. Thereafter, we had hoped to discuss this matter sufficiently to explain it so that Senators and the

public might be aroused enough to join with us to stop this regressive action. We have not had time to do so. Consequently, the distinguished junior Senator from New York [Mr. KENNEDY], I, and others, although we intend to vote against this conference report as a matter of principle, have made it clear that we are quite agreeable for other Senators to go ahead and vote for its adoption because their vote against the adoption of the conference report could easily be misunderstood as matters now stand.

Second, Mr. President, I wish to state now that in the coming session, after the first of the year, we intend to vigorously renew this fight to remove this regressive welfare freeze on AFDC cases in the various States, and to revise and rescind the harsh actions otherwise applying to welfare which are contained in this conference report.

I am grateful to the large number of Senators, including the distinguished Senator from Maine [Mr. MUSKIE], who has just spoken, who have made it clear to us that they agree with our stand on the welfare provisions in principle, and that they will join with us in early action at the next session to correct what the Senate is about to do. I hope that we will have the help of the President in doing so.

Also, at the next session, we shall look for every opportunity to amend various House bills which may come to the Senate, so as to do what we think should be done for the country to repeal the antipoor provisions of the bill now before us.

Third, I wish to announce that after the first of the year, I intend to press vigorously for the authorization of a special and full study of the welfare system of the United States, a system which I think has been a failure. The people of the United States are entitled to a complete exposition of the failings of our welfare system and to have specific recommendations for its correction, which is greatly needed.

I also wish to express my appreciation to the many fine organizations and individuals throughout the country who have joined us in our assessment of the harsh and regressive provisions of the conference report as it relates to welfare. I have already had communications received from several such organizations placed in the RECORD during the course of the debate. I now ask unanimous consent that other such communications and an article from the Washington Post be printed in the RECORD.

There being no objection, the communications and article were ordered to be printed in the RECORD, as follows:

ITHACA, N.Y., December 14, 1967.

HON. FRED HARRIS,
Senate Office Building,
Washington, D.C.:

As scientists specializing in problems of human development we urge elimination of provision in the social security bill forcing mothers of young children to go to work. The effect of such enforced separation can seriously impair the mental and emotional development of young children, thus further aggravating the already crippling disabilities among children of the poor. To allow the present provision to pass is to increase prob-

lems of mental retardation, school dropouts, and delinquency in the coming generation.

Urie Bronfenbrenner, Professor of Child Psychology and of Child Development and Family Relationship, Cornell University; Perry Crump, Professor and Chairman, Department of Pediatrics, Meharry Medical College, Nashville, Tenn.; Martha Elliott, Professor, Maternal and Child Field, Emeritus, Harvard School of Public Health; George Gardner, Professor of Child Psychiatry, Harvard University; Jacqueline Grennan, President, Webster College; James Hymes, Professor of Education, University of Maryland; John Niemeyer, President, Bank Street College of Education, New York City; Lloyd Ohlin, Professor, Criminology, Harvard Law School; Keith Osborn, Chairman Community Services, Merrill Palmer Institute; Julius Richmond, Dean, Upstate Medical College, State University of New York; Robert Sears, Dean of Humanities and Science, Stanford University; Harold Stevenson, Director, Institute of Child Development, University of Minnesota; George Tarjeon, Professor of Psychiatry, UCLA; Paul Wehrle, Chief Physician, Children's Division, Los Angeles Hospital.

OKLAHOMA CITY, OKLA., December 14, 1967.
Senator FRED R. HARRIS,
Senate Office Building,
Washington, D.C.:

Oklahoma Federation of the Blind joins with American Council of the Blind urging delay in voting on conference committee report on H.R. 12080. Should never be agreed to as compromised. Particularly object to compromise on sections 174 and 213. No general increase in benefits should be made until other defects are cured.

DURWARD MCDANIEL,
Legislative Chairman.

NATIONAL COUNCIL OF JEWISH WOMEN,
Sacramento, Calif., December 12, 1967.

DEAR SIR: We are writing in regards to the Social Security Amendments proposed before the Senate under Public Welfare titles.

We agree that there is a need to provide job training for all people whether or not they are presently receiving welfare; however, it is unfair and illogical to automatically refuse welfare or to remove children from a home if the recipient either refuses job training or refuses to do any job offered.

Rather, we feel that a job training program should be structured to the individual's ability, interest, and future job availability. Further, it is possible for a social case worker to determine whether a child would better benefit from its mother's constant care, a foster home setting, or a child-day care center. It is imperative that we be mainly concerned for the child's welfare.

Sincerely,

Mrs. JANET JAGIELLO.

WELFARE RESIDENCY RULE CALLED IMMORAL;
PROBES ARE SCORED

(By Carol Honasa)

Residence requirements for welfare recipients are illegal, immoral and just plain foolish because poor persons don't move just to get on welfare, according to Mitchell I. Ginsberg, administrator of New York City's Human Resources Administration.

Furthermore, local welfare departments should cut out the "stupidity" about midnight raids and man-in-the-house rules because they can't help recipients move into independence and dignity if they treat them as untrustworthy and guilty until proven innocent, he said.

And what's more, says the man, who until Wednesday headed this city's welfare de-

partment, the whole welfare system in this country is bankrupt anyway.

Ginsberg, whose new job as human resources administrator puts him in authority over such big-city programs as welfare, manpower, youth services, and narcotics addiction and alcoholism, admits some of his ideas don't go over so well with the American Public Welfare Association, whose convention he was attending here Thursday.

However, Ginsberg's criticisms of many welfare policies goes with a realization that the present system—which he says encourages dependency and family breakdowns—will have to be patched up and improved for the time being because it will take years to get a new one.

In an interview, he said he would like to see simplified application procedures for all welfare clients in which they would simply declare their financial need by affidavit.

Home investigations to determine the client's family arrangements and financial resources should be scrapped entirely he said.

In two of New York City's 36 welfare offices this declaration system has been tried with success, he said. A 10 per cent sample check by an independent research group uncovered less than 1 per cent of suspected fraud or misinformation from clients, compared to the 3 to 5 per cent assumed for other welfare clients. The two centers involved handle about 8000 families each in Spanish Harlem and Bedford-Stuyvesant.

Periodic checks are still made to redetermine eligibility. They are made by caseworkers, not full time investigators, working from 9 a.m. to 5 p.m. Clients are notified in advance of home visits, Ginsberg said. In the District, a staff of 91 professional investigators visits homes between 8 a.m. and 10 p.m.

Ginsberg said the city has over 750,000 persons on welfare at a cost of about \$1 billion a year from city, state and Federal sources. The cost has approximately doubled in the last five years, he said. The welfare staff numbers more than 25,000 persons—only several thousand fewer than the number on relief in Washington.

New York state does not have a residence requirement for welfare applicants and about 3 per cent of those who go on the city relief roles have lived there less than a year, Ginsberg said.

(The District's one-year requirement was recently declared unconstitutional by a panel of Federal judges. The District Welfare Department plans an appeal to the Supreme Court.)

"The case against the residency law doesn't really depend on the percentages," Ginsberg said. "That would assume that all the 3 per cent came to New York to go on welfare, and that is not true. They came to get work and after they couldn't get it they went on welfare."

Ginsberg said he thought it was illegal to deprive a citizen of his right to move in effect, through welfare residency laws.

According to Ginsberg the American public welfare system is failing because it is based on Depression experiences no longer true today. During the 1930s the welfare system was devised to meet problems of generalized unemployment—affecting people in many walks of life—which most people regarded as a temporary phenomenon.

"Today unemployment is a permanent problem concentrated in certain groups," he said.

* * * * *

Mr. HARRIS. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Indiana [Mr. HARTKE] without losing my right to the floor.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). Before the Senator from Indiana proceeds, the Chair asks all aides and at-

tachés who are not in the Chamber on business or to assist their Senators to leave the Chamber, please. The Chair asks the Sergeant at Arms to carry out the directive of the Chair. The Senator from Indiana will not proceed until the directive is followed.

MANY SHORTCOMINGS IN THE SOCIAL SECURITY BILL

Mr. HARTKE. Mr. President, the advent of the social security system in the 1930's, at a time when our total gross national product was only a third greater than the current Federal defense, was a landmark in the advancement of the Nation's welfare. Incidentally, lest it be thought I am exaggerating, let me call to mind that in 1939, 4 years after the law was passed, the total gross national product was less than \$91 billion.

But nevertheless, in this restricted economic climate as compared to these later years of abundance and affluence, this country set out to alleviate the lot of the elderly, the widowed, the disabled, the orphaned, and the helpless persons who comprise so many of the social security systems categories of need today. Today the gross national product stands at a dollar level eight times greater than in 1939. Yet we still have all too much poverty in the midst of our plenty, all too many who do not share in the benefits of economic growth, all too many incapable of earning a living and dependent, whether elderly or otherwise, upon public funds.

If you will compare the total economic picture of 40 years ago with that of today, and then compare the benefits provided in the social security amendments now before us as they applied to both eras, you will find that this—which some have acceded to only grudgingly, which some have opposed on the ground of cost while we escalate the billions for the war in Vietnam—you will find, I say, that this investment in the lives of our citizens falls far below the comparative standard of its time of origin.

Social security is a great potential resource far beyond that to which it is being utilized. It has the capability of being used far more than this bill before us will do, to help wipe out poverty for millions and to eliminate those persons from the welfare system. I have always been for its improvement each time it has come before the Finance Committee and the Senate. I have always been for its improvement beyond what we finally adopted, and that is my continuing position. What we have before us, so shamelessly below the recommendations of the administration, so far less than the bill which we in the Senate passed, is, to borrow a phrase, "too little and too late." Improvements up to the level of those we are asked to vote for now are long overdue; in that sense they are too late. But they are also too little, both in the comparative scale with the role social security was given in its relation to the whole economy and in actual benefits provided to the recipients today. It is for reasons of its inadequacy that I shall vote for adoption of the conference report only with great reluctance, only because half

a loaf is better than none and I do not propose that our elderly, widowed, and disabled should receive none while we hold everything in abeyance pending improvements. Let us make the further improvements, and as soon as possible. The present bill is far too little—it is unworthy of what we can and should do in this rich economy.

THE \$55 MINIMUM IS FAR TOO LITTLE

As one example, look at the minimum which will be enacted in this bill—\$55 per month. This is the munificent total of \$660 per year, only a third of the amount considered the poverty level for an individual over 65. Here was our opportunity to help eradicate the poverty of the elderly at least in part, but we are hardly making a dent in it. The present minimum is \$44, and the additional sums add the grand total of \$132 per year, an amount less than the average rent for 1 month of a small city apartment.

Personally, my own amendment No. 325 called for a \$100 per month minimum. Those in poverty comprise 15 percent of the population, but 37.4 percent of the persons in this country who live alone—and the largest group in this category are widows and widowers—are in poverty. There are thousands upon thousands today who are trying to exist with no other income than their \$44 minimum, out of which comes \$3 off the top if they are to be covered for medicaid programs. But when they cannot make it, they are forced to apply for old-age assistance, whose levels of benefits are not uniform but vary with the State, with some of them also pitifully small.

THE INCREASE SHOULD BE 20 PERCENT, NOT 13 PERCENT

Along with my proposal for a \$100 minimum, I suggested not the 12½ percent of the original House-passed bill, not the 15 percent of the original administration proposal, but a 20-percent increase in benefits.

That was not an unrealistic proposal. We as a wealthy nation can afford it—or we could if we were not shoveling so much money into the expensive fires of Vietnam. These amounts, the \$100 minimum and 20-percent increase, according to figures I received from the Social Security Administration, would have completely removed half a million elderly persons from the old-age assistance rolls. They would have partially removed, by reducing old-age assistance payments, another 350,000 persons. The reduction of old-age assistance funds paid out by the Government would have been \$504 million, with \$325 million coming from Federal funds and \$179 million from the State and local share. Nor does this account for the reduction in caseworkers and supervision which lowering the rolls by so many persons would entail.

I made that proposal in the Finance Committee. It was rejected. I then voted for the proposition that the level should be set at 17½ percent. That was also rejected, but both the Finance Committee and the Senate accepted the administration original proposal of 15 percent and a \$70 minimum, which still would have removed a much greater number from the assistance rolls.

But even more than the effect on the welfare rolls is the importance of the effect on the people involved. There are vast numbers more who are not on welfare but who are well below the poverty line. My amendment would have taken 3,700,000 persons out of the poverty category. The administration bill would have taken 2,100,000 out of poverty. But those who will be carried up from poverty by the conference bill before us will be only a million in number. This is only 1 million out of about 30 million persons in poverty today, according to the Census Bureau release of August 14, 1967. In short, because the reported bill is held at the lower level, we are doing only half the job for the poverty group that the Senate-passed bill would have done.

THE EARNINGS LIMIT SHOULD BE REMOVED

Another point of inequity which has concerned me year after year is the unwarranted requirement that an elderly person, one past 65 years of age, dare not take a job with earnings beyond a prescribed low limit under pain of losing his benefits. Again this year, on the basis of equity, I moved in committee to eliminate the earnings test. There is, as this body well knows, no penalty if you have enough wealth to "earn" your income from rentals, stocks and bonds, or other sources. But if all one has as capital is his strength to work still preserved at 65, he can have under the present bill no more than \$1,680 per year in wage payments before he begins to lose his benefits.

The committee in the Senate agreed to increase the limit from the present \$1,500 to \$2,000 in 1969, and then on the floor we agreed to a further lifting of the restrictions. But the conference report reduces the amount to \$1,680—or \$15 per month above what it has been. Here is another lack, another shortcoming, in this bill.

THE DISABLED NEED MEDICARE

Another Hartke amendment, No. 326, would have extended the benefits of medicare to the disabled. This is another much needed improvement in the law, but it was destined this year to meet a narrow defeat in the Senate Finance Committee.

For a long time we have had old age, security and disability insurance, or OASDI. Two years ago we added "Health" to that name, making it OASDHI. It should not be surprising that in general the disabled as a class have greater health problems than others, even as do the elderly. Even though they may have acquired full coverage with 40 quarters of employment on the record, the disabled are handicapped both by their physical impairment and by economic impairment. Although many may be in as good health as most of us, there are also many whose disability involves a chronic conditioning requiring hospitalization from time to time, perhaps successive operations, or frequent X-ray or laboratory attention. The costs can be almost as disabling economically as the physical problem in its sphere. To one who is subsisting on the disability payments of OASDHI, these facts compound

the problem and add one more handicap.

We need to extend to the disabled the same medicare opportunities afforded to the elderly beneficiaries. Here is another shortcoming of the bill before us in the conference report.

FURTHER IMPROVEMENT FOR THE BLIND NEEDED

For the third successive time in as many Congresses, the Senate this year again upheld my bill to make blindness automatically a disability under Social Security definitions, fixing the statutory definition for this purpose at the same 20/200 figure accepted by the Internal Revenue Service, and lowering the earned quarters requirement from 20 to six. This conference report includes the first part of that amendment, which is a step forward—blindness certainly is a disability, and deserves automatic recognition as such. But it does not follow through with easing the employment requirement voted by the Senate.

This is not the only change that is needed in improving the conditions for the blind, and for some others included in the welfare provisions of the law. Three of the handicaps faced by those under programs such as that for the blind, with the States providing matching funds and setting their own rules, are among those which would be eliminated by others of my bills and amendments offered this year but which are not in the proposal before us. One of these would eliminate the residence requirement, permitting the blind to move freely from one State to another without losing benefits. Another would prevent the States from requiring that relatives exhaust their resources for support before they will grant blind assistance. The third would protect the blind from liens by the State against their property as repayment for assistance rendered through the State.

DRUGS FOR THE ELDERLY

One of the much-discussed problems demanding attention in the social security medical care structure is that of covering the cost of prescribed drugs under part B of medicare. I am glad that the bill has emerged from conference with the Hartke amendment in this field intact and even broaden somewhat in the scope of the study that it requires from the Secretary of Health, Education, and Welfare. The study of proposals to reduce welfare and medicare drug costs and study of proposals to provide coverage of prescribed drugs is to be reported back within a year. Based on the findings of the study, improvements should be forthcoming. They are needed, of that I have no doubt. With the findings to be made, we will be in a position to make them.

EARLY RETIREMENT

One of the shortcomings in the bill before us, which I intend to bring up again at the next opportunity, is its failure to provide for early retirement at reduced benefits. Such an option should be available for the older man who is caught in a plant closing, for example, and who subsequently cannot find work. There are many such men in their late fifties or early sixties who have had to

wait for time to pass in order to be eligible for old age benefits. Optional early retirement was deleted in the conference action.

A related amendment which I offered would have geared the system more adequately to modern private pension plans which allow for early retirement. Suppose under a private agreement a worker at age 58 has completed 35 years of service for his employer and qualified for a pension. He decides to take the pension and leave the job. What happens to his social security benefits?

When he attains social security retirement age, of course, he can file for and begin receiving them. But at 65 it will be 7 years since he was under covered employment. Five of those no-earnings years will be dropped in the calculation of his benefits, but the other two will count against him in that calculation. My proposal to drop an additional low- or no-earnings year for every 10 years of coverage under social security was defeated in the Senate by 40 to 39. Here is another improvement I believe we should achieve in the future.

SOCIAL SECURITY TAXES SHOULD NOT PROVIDE SURPLUSES MERELY FOR BORROWING BY TREASURY

Large surpluses every year are not necessary in order to secure actuarial soundness in the social security trust funds, which now contain more than \$28 billion. Soundness of the system rests upon the productive ongoing capacity of the Nation's businesses and the employment of its workers. Surpluses beyond real need only provide funds which are used for Treasury borrowing.

It is for this reason that I opposed the \$4.4 billion excess originally approved by the Finance Committee and sought instead a better balance between revenues and expenditures. The bill the Senate finally approved had a much better balance, with an excess of only \$1.3 billion.

But that has been changed considerably by the conference report. While cutting benefits by well over \$2 billion, the revenue now to be produced will amount to \$2.7 billion in excess of the amount needed actuarially for 1968 and with larger surpluses in future years. This surplus will come from the increased revenue of taxes paid in. Thus the bill before us provides a bigger tax increase to pay benefits that are smaller. In fact, it would be possible to provide the benefits in this recommended conference bill with no tax increase whatever and still come out of 1968 with a \$1.3 billion surplus and larger surpluses thereafter. I continue to be opposed to taxing workers and employers more than is necessary to keep the fund sound. Overkill in economics is no more desirable than in any other arena of life.

WELFARE PROVISIONS NEED IMPROVEMENT

I have associated myself in the Senate with a considerable number who find in the bill before us not simply unwise but absolutely retrogressive provisions in the field of child welfare. We will see under this bill compulsion upon mothers, at the insistence of many a State welfare agency, to leave preschool children and work rather than caring for them, with all the attendant family problems in-

involved. The amount of aid for dependent children will be frozen to the proportion of the child population under 18 in the State as of January 1, 1968. Federal financing will stop at this point, but that will not in any foreseeable way be likely to stop the production of illegitimate children; there is no enforceable freeze we can apply there. The result is bad public policy—to punish the children for the errors of their parents. In actual fact, if there is to be curtailed Federal aid, unless conditions for such children are to be left intolerable, the States will have to raise their own funds. Everyone knows the burden already carried by State taxes, and this action merely compounds the problems of the overburdened States. It is no solution at all, but rather an aggravation of the problem.

CONCLUSION

Mr. President, as my statement makes abundantly clear, I find this bill quite inadequate. Yet we are threatened with failure to pass any bill at all perhaps until 1970 unless we accept the conference report. As full of shortcomings as it is, and as much in need of further improvement, it will nevertheless bring a benefit increase—disappointing as it is—to our elderly. It will lift a million persons above the poverty line who are now below it, although it is far short of what we could and should do by reasonable standards. Under the circumstances, I find it hard realistically to do more than I have done, to explain my unhappiness and my determination to continue to press for improvements to eliminate the shortcomings. I will therefore vote for the bill, but in voting for it I do so with reluctance because of the inadequacies.

Mr. HARRIS. Mr. President, I want to thank the distinguished Senator from Indiana who has once more stated his willingness to join with us as we renew the fight on the welfare provisions next year.

Mr. HARTKE. I thank the distinguished Senator from Oklahoma. He has performed yeoman service in this regard. He is to be congratulated for his efforts. I join him in trying to make it possible next year to correct the serious error which is just about to occur as a result of adoption of the conference report.

Mr. KENNEDY of New York. Mr. President, will the Senator from Oklahoma yield?

Mr. HARRIS. I yield.

Mr. KENNEDY of New York. I join my colleague from Indiana in commending the Senator from Oklahoma [Mr. HARRIS] for the leadership he has provided in this field. He has also stated that in view of the fact there is not time to discuss this matter, and in view of the fact that we were not able to begin talks among ourselves with the House of Representatives, as I had expected that we would, because of the facts which were known about the legislation that would cause tremendous damage all across the country, I would hope that those who feel as I do and who have been associated with us in this endeavor would feel free to vote in favor of the legislation.

As I was coming in this morning, I heard a news report which stated that

we were about to pass legislation which meant a considerable increase in social security benefits for 22 million Americans.

I think it is going to be difficult, with that kind of coverage of the conference report, that kind of labeling and description of it, for Senators, particularly those running for political office, under those circumstances, to vote against the bill. That I recognize. The parts we are opposed to, or on which we have reservations, are very complex. It would have taken a fair degree of time and a great deal of discussion to bring about any changes. I was convinced that if what happened yesterday had not happened, opportunity would have been open to us, but I do not believe it is any longer open to us. I hope that those Senators who support us will feel free to vote for the conference report even though we express grave doubts about some provisions of it.

Mr. HARRIS. Mr. President, I conclude by stating that we will renew the fight next year. I am grateful for those who will join us next year in repealing these harsh provisions.

I am sorry that this matter has caused some confusion and difficulty in the Senate. But I do not apologize, Mr. President, for standing on what I consider to be a principle of the most basic nature.

(At this point, Mr. HARTKE took the chair as Presiding Officer.)

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

Mr. HARRIS. I yield.

Mr. GORE. In many respects, I find myself sharing the views of the Senator from Oklahoma and the Senator from New York [Mr. KENNEDY] with respect to some provisions of the conference report. Nevertheless, I come to a different conclusion as to its acceptance. This is the largest and most beneficial social security bill in the history of the U.S. Congress.

I shall vote for its adoption, but wish it known that I will be prepared to assist and take part in the correction of such deficiencies as the pending bill may have.

I do not wish the statement of my position to be in any way critical of the position of the distinguished Senator from Oklahoma. I commend him for his efforts in trying to prevent adoption of provisions disagreeable to him. I rise only to state that some of them are disagreeable to me, but I think the good outweighs the deficiencies of the bill.

Mr. HARRIS. I thank the Senator for what he says. The Senator from New York and I have stated that, as a matter of principle, we intend to vote against the conference report; but we have also said that we have understood the positions like that of the Senator from Tennessee, and we understand their voting for the conference report.

Mr. WILLIAMS of Delaware. Mr. President, I urge the Senate to adopt the conference report on H.R. 12080.

This report represents a good compromise between the Senate and the House versions, taking into consideration both the need for an increase in the social security benefits and the ability of the wage earners to pay the necessary tax.

These benefit increases mean that over \$3 billion be paid during the first 12 months to an estimated 22.9 million persons—and 1 month earlier than under the Senate version. The benefits are effective February 1968 rather than March 1968 and the increase will be in the March checks.

These increases, together with the other improvements in the social security program, will benefit an estimated 24 million beneficiaries—retired and disabled workers, widows, and orphans—persons who have patiently awaited these needed additional benefits.

This conference report provides—

First. A 13-percent across-the-board increase in social security benefits. This means that the retired worker with an eligible wife will have his monthly payment increased from \$145 to \$165.

Second. A 25-percent increase in the minimum social security payment. This means that a person receiving the present minimum payment of \$44 will receive \$55 a month.

Third. It raises the earnings test from \$1,500 to \$1,680. This means that persons receiving social security benefits are entitled to supplement such benefits with a higher amount of earnings before any reduction is made in benefits. This provision alone will enable an estimated 760,000 persons to be paid \$175 million in benefits that they would otherwise have lost.

The conference agreement reduces the cost of the Senate bill from \$7.4 billion to \$3.6 billion. This is a tremendous savings, and it came about because the conference removed provisions, many of which could not have been paid for under the Senate bill.

As the result of this substantial reduction in cost the tax on the wage earners at the top is lowered by 50 percent under what the Senate bill would have necessitated. The conferees did this by holding the tax base to \$7,800 a year, only \$200 a year more than the \$7,600 in the House bill. The Senate bill, on the other hand, would have increased the base to \$8,000 in 1968, to \$8,800 in 1969, and \$10,800 in 1972 and thereafter. The payroll tax rate under the conference report does not reach its maximum rate until 1987 as against 1890 in the Senate bill.

There are innumerable other good provisions in the conference agreement which deal with the medicare and medic-aid programs as well as the correction of recognized abuses under the much discussed welfare programs. I think most important of all is that the bill which the conference agreed to provides a substantial reduction in cost compared with the Senate bill. I for one believe this was not only necessary but a good thing. The Senate bill was underfinanced, and costs had to be reduced; it just did not provide money to pay for all of the \$7.4 billion in benefits which it contained. The Senate higher tax rate schedule was prohibitive.

In summary, Mr. President, the conference bill is a good bill—a responsible piece of legislation—responsive to the needy, responsive to the retiree, and responsible to the taxpayer. I for one am pleased to have been able to contribute to its formulation.

Those who vote against this report should be reminded that in doing so they are voting against a 13-percent across-the-board increase in all social security payments, against a 25-percent increase in the minimum social security payments, against an increase in the earnings limitation from \$1,500 to \$1,680, as well as against many other benefits scattered throughout the bill.

These are benefits to which these people are entitled, and I for one wholeheartedly urge the adoption of the conference report.

Mr. MOSS. Mr. President, like many of my colleagues, I am very much distressed by some of the restrictive provisions adopted by the House-Senate conference committee on H.R. 12080, the social security amendment. Since the other body has adopted the conference report by an almost unanimous vote, I recognize the virtual impossibility of getting any adjournment this session in the provisions of the bill.

We are, therefore, faced with the question of whether to reject the conference report and hold the bill over until next session, or pass it now with its glaring deficiencies. If we hold it, we may be able to get some modification of the objectionable provisions. However, that will delay for weeks, and perhaps months, the extra compensation provided in this bill to millions of our elderly, to our dependent children, our blind, our poor and our distressed. They have been in need of these benefits for a long time.

Consequently, I shall vote for the conference report, but it should be made clear here on the Senate floor today that we expect the Department of Health, Education, and Welfare to write regulations which are neither too restrictive or rigid to carry out the controversial provisions.

For example, there must be maximum flexibility in applying the provisions requiring mothers on welfare to work. Surely, no reasonable person would say that all mothers on welfare ought to work. There obviously are going to be some who are not well enough to do so, or who cannot be trained for one reason or another to hold a job. Many mothers with young children should stay at home and take care of those children. This is especially true where there is a lack of adequate child day-care services. These mothers and their children should not be summarily denied support. They must be given the protection that a civilized and benevolent society owes them.

Certainly, there is no question that work opportunities should be made available to mothers on welfare. I would like personally to think the mother on welfare could have the same options to work or not to work that many other mothers have.

In other strata of our society, we allow the mother to decide whether it is better for her, in her particular case, to work, or to stay at home with her children. I hesitate to say that it is better for all mothers on welfare to work any more than I would take it upon myself to say that it is better for all mothers on welfare not to work but to stay home and take care of their children. As with any-

body else—some are better off working and some are better off taking care of their children. If it is more important for the welfare of her children and to her own psychology to stay home, we should consider this and not force her to work.

On the other hand, satisfactory jobs should be made available to women on welfare, and we should train them for such jobs if they have no training. I am confident that most women receiving welfare checks would far rather be earning their own way. I placed in the CONGRESSIONAL RECORD 2 days ago the very inspiring story of a woman in my own State, a divorcee with five children, who through a training program administered under title V of the Economic Opportunity Act of 1964, took vocational education courses and qualified herself to the extent that she replaced her AFDC grant of \$221 a month with a monthly paycheck of \$325. She traded dependence on welfare for the independence of a job in which she earns her way. I am sure there are thousands of other women like her now on welfare in the United States. I am confident that there are very few Americans who prefer welfare to employment.

I realize, however, that under the provisions of the conference version of H.R. 12080, it will not be possible to give women on welfare the option of working or not working. But certainly there must be flexibility which allows consideration of each individual situation—of the mother's health, qualifications and employment potential, and, especially, the best interests of the children involved. If we are to be able to consider ourselves a humane and wise society, these aspects must be taken into consideration. If, after the guidelines have been drawn, and the program has been given some time to operate, we find that it is too rigid and unyielding to personal considerations, then there is no question that we will have to amend it.

The States and the Department are given some latitude to determine criteria of "appropriateness" for job referral, and I think it is clear that these are considerations which must be taken into account in applying the term "appropriate."

At this point I would like to ask the distinguished manager of the bill if I am not correct that States would have latitude to set criteria of appropriateness which would recognize these individual and family situations?

The other provision of the conference version of H.R. 12080 which especially disturbs me is the AFDC freeze. This could be tragic for our children. We are in the midst of a population explosion, and how can we possibly hope to hold the population of AFDC children to the level of January 1968?

I realize that the theory is that enough children will be taken off the rolls, through the employment of their mothers, or through other means, to hold the present level of assistance. But this is risky planning, it seems to me. There is no assurance whatsoever that this can be done.

In reality, this provision is a slap at the States. What we are saying to them, in

effect, is that "You have done a poor job, and we do not trust you. Tighten up or we will take your Federal money away from you." The Governors of our sovereign States have a right to resent this, and they will.

And, unfortunately, some States may lose their Federal funds under this provision. It will probably be the poorer States who cannot afford to pick up the tab for the additional AFDC children themselves. And it will be the children who will suffer the most.

I do approve of the provisions written into the bill to strengthen the machinery to catch deserting or absent fathers. Several sessions ago, I sponsored what was called the runaway father's bill. It would have opened Social Security Administration records to welfare officials to learn the whereabouts of fathers whose families had gone on welfare because the wage earner had deserted them. I did not press for final action on the bill because I was informed by the Social Security Administration that some of the machinery my bill would have established had been set up by administrative action. I am delighted to see H.R. 12080 increase the ways in which deserting fathers can be located—I would far rather see us put our efforts in locating men who refuse to accept the responsibilities of parenthood, than see us concentrate on putting to the fire the feet of our States.

This bill also contains important new provisions relating to medical assistance under title XIX which will greatly improve the care of hundreds of thousands of sick aged people. These are legislative and social advances we cannot let go by.

Mr. President, I support this conference report, but with reluctance. I cannot agree with some of its provisions, but I feel that—in the overall—the benefits it brings to America are so great, and so inescapably necessary, that we must enact it. Agreement to the report would be justified solely on the basis of the extra dollars it will give our elderly under the OASI program, and the benefits it will pass on to our orphans, our blind, and our disabled.

Seldom have we passed a measure, however, which is more dependent for success upon the type of rules and regulations which will be written to administer it. I trust that the Department of Health, Education, and Welfare will be especially careful to set solid guidelines on the two controversial programs which I have discussed—the provisions which require mothers on welfare to work, and the AFDC freeze. The extent of good, and damage, these provisions do depends in a great measure to how wisely they are administered. I hope, also, that when the various States submit plans for the administration of the AFDC program on illegitimate children, that departmental officials will scrutinize these plans carefully, to make sure they do not go beyond the intent of Congress. Rigid State plans, with no room for human considerations, can heap disaster on our children.

Mr. President, the Senate has been put in a take it or leave it position by the House on this conference report. This

is far too important legislation to be enacted in that spirit. But, in view of the vote in the House 2 days ago, I believe we can do nothing here today but accept the conference report, and send this bill to the President.

Mr. McGOVERN. Mr. President, I share the disappointment that other Senators have expressed over some of the terms of the conference report on H.R. 12080.

Without faulting the Senate conferees or the distinguished Senator from Louisiana [Mr. LONG], who has labored valiantly and effectively on this bill for many weeks, I regret that some of the important provisions adopted by the Finance Committee and by the Senate have been deleted.

In connection with the increase in benefits, I believe our obligation is to maintain the purchasing power of older Americans at levels comparable with the sacrifices they made when they were paying into the program. The dollar amount or the percentage amount of the raise obviously means little to the person who is trying to survive on social security payments, since he is primarily concerned about what his retirement income will buy. The 13-percent increase will not catch up with the growth in the cost of living that has occurred since the program was first adopted.

I am disturbed, too, by the loss in conference of the Senate amendment which would have raised to \$2,400 the amount a recipient can earn without any loss in benefits. The conference report recedes all the way back to the House level of \$1,680.

There is, of course, no limitation on the amount of income a retired person can derive from stocks and bonds, rental property and other kinds of investments without interference in social security payments. A retired person receiving \$1 million or more from such sources can still collect full benefits. It is only wages and salaries that bring about a reduction in payments—50 cents per dollar of income over \$1,500 and dollar for dollar over \$2,700 under present law. As noted, those figures would be increased slightly under the bill, but the discrimination against older people who must work to supplement meager incomes and the obstacle to a decent standard of living will still remain.

I have introduced a bill to remove the outside earnings limitation completely, and I intend to continue pressing for action on it. It is regrettable that the progress made by the Senate in this direction did not prevail.

In past years I have also received numerous letters from people on old age assistance who have not received increased benefits when Federal payments for that purpose have gone up. I believe a pass-along provision is necessary, and regarded the \$7.50 figure approved by the Senate as a minimum. The conference bill also recedes on that figure, and the bulk of the increase will undoubtedly be used for savings to the State.

If this bill were objectionable only because it did not go far enough in improving the social security system I would have few qualms about approving the

conference report and then going to work on new legislation next year. The proper approach would be to accept the great gains that are made in this report, and they are highly significant notwithstanding the loss of many important provisions adopted by the Senate. In many respects this bill is as an historic step forward.

But I am deeply concerned about provisions in the welfare sections which retreat from values that I think are fundamental in a just society.

There is legitimate reason for concern over the growth of welfare rolls in absolute terms, particularly in aid to families of dependent children—although it is significant that we are today spending a far smaller percentage of our total personal income for public assistance than we were 10 years ago. All of us would prefer to see the people who are dependent on society elevated to self-sufficiency, and I have no doubt that the recipients themselves would rather be in that status. Third generation welfare recipients ought to be leading productive lives.

But the work and training provisions of this bill do not even concentrate on people whose families have been living on public assistance for several generations. They apply across the board in requiring AFDC mothers, with a few exceptions, to leave their children and take work or training. They will apply to one mother in South Dakota who is an excellent mother and homemaker, and who has been praised by her children's teachers for the fine job she has done in raising them, and to thousands of others in similar circumstances whose role in the family is far more important to society than any interest we might have in forcing them into a labor market that already has some 3½ million unemployed.

It has been argued that these work provisions, and the authorization for the creation of jobs, will have a salutary effect because it is far better to have people working at important public tasks than it is to have them receiving payments without contributing labor in return. I am impressed by that argument. At the same time I am surprised to hear it from people who just a few weeks ago vigorously opposed the Emergency Employment Act which would have provided jobs for unemployed people other than AFDC mothers. I cannot fathom how it becomes so important to remove a mother from the home, to take the children away from her and put them in day-care centers, and to make her work as a precondition of receiving minimal support payments, when we have so little interest in providing employment for people who might not have the responsibility to be in the home with the children.

I am particularly disturbed by the freeze on AFDC rolls at an arbitrary level regardless of the number of people who would otherwise be eligible. Even though it is geared to population growth, this provision will leave States who have a disproportionate rise in AFDC cases, through migration, localized economic difficulties or other causes, with a choice of bearing all of the increased costs themselves or else cutting off assistance

to people who might be in desperate need. I know of no Senator who can say that his State wants to make that painful choice.

The Senate is anxious to complete its work on this measure. In voting on the conference report, however, I believe we ought to be fully aware of its inadequacies and of its defects, and that we should move to remedy these problems early in 1968.

Mr. HART. Mr. President, this is not a body that is unused to compromise. In order to get a fat chicken, all of us are willing to accept a few pinfeathers.

The increased benefits that the social security bill will provide are certainly of tremendous importance to American disabled workers, widows, and retirees. But in order to achieve benefits for these people, the conference report would require us to damage seriously the economic well-being of thousands of other, equally needy citizens.

I doubt whether the trade is a good one. I find the abundance of pinfeathers very bitter in my mouth.

Many retiree groups in my own State, greatly to their credit have urged me to join in sending the bill back to conference because of the regressive measures it involves.

The conference report has a "give" section and a "take away" section. The "give" section, in my opinion, is not an overly generous one. I supported the higher benefit increases proposed by the junior Senator from New York [Mr. KENNEDY].

The increases we are considering today barely will bring real income, after the inflation factor is deducted, back to what was paid in 1950. Then, in return for this inadequate package, we are asked to set percentage limits that will allow welfare aid to some children but will put other youngsters—equally in need of help—outside the quota simply because they picked an unfortunate time to be born.

In an avowed effort to crack down on freeloaders, we are asked to set standards that will force many honestly unemployed fathers to leave their homes so that their families may qualify for help.

And even the mother is being pressed to leave the home—at least during the daytime working hours. Does this contribute to tranquility in the ghettos of the country?

Some may remember from earlier Senate debate my convictions as a father of eight that a child needs its mother at home at least during the hours the child is there. As he grows older, the need increases, not diminishes.

Certainly we want to encourage people to be self-supporting. Of course, we are all disgusted with anyone who refuses the opportunity to work. But in order to kill one unwanted chicken, we are firing into the whole flock.

These provisions will disrupt family unity and will contribute to the breakdown of many homes that are earnestly endeavoring to stay together while honestly waiting and striving for economic betterment.

In these particulars, the conference report is a harsh document. It is my conclusion that the measure should be

reconsidered and reworked before we can grant its approval.

Concern as to the consequences which might follow from fixing into law certain of the provisions of the report has been expressed from many responsible sources. I ask unanimous consent that a few of these messages addressed to me be made a part of the RECORD at this point.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

DETROIT, MICH.,
December 13, 1967.

Senator PHILIP A. HART,
Old Senate Office Building,
Washington, D.C.:

I urge you to vote against the proposed social security bill as developed in the joint conference report since it includes a provision that acts to punish America's poor. The section of the bill freezing the number of children whose welfare payments can be financed by the Federal Government after January 1, 1968, is a step backward that our Nation can ill afford to take.

JEROME P. CAVANAGH,
Mayor, City of Detroit.

WASHINGTON, D.C.,
December 12, 1967.

Senator PHILIP A. HART,
Senate Office Building,
Washington, D.C.:

Public assistants and welfare provisions of 1967 social security amendments approved by conference committee represent major retreat from gains won over many years. Freezing of rolls on aid to dependent children and compulsory work programs are punitive and regressive in effect and would work hardship not only on the poor but on State and municipal welfare resources. We urge your firm support of Senate version of bill.

ARTHUR S. FLEMMING,
President, National Council of Churches.

NEW YORK, N.Y.,
December 12, 1967.

HON. PHILIP A. HART,
U.S. Senate,
Washington, D.C.:

The Board of Social Ministry, Lutheran Church in America, is opposed to the regressive public welfare measures embodied in the conference report on the social security amendments of 1967. We support you in your efforts to keep the substance of the Senate bill.

CEDRIC W. TILBERG,
Secretary for Program and Leadership.

NEW YORK, N.Y.,
December 11, 1967.

HON. PHILIP A. HART,
U.S. Senate,
Washington, D.C.:

In view of coercive discriminatory provisions H.R. 12080 with respect to public assistance (AFDC) as reported conference committee, urge vote against bill or return conference with instruction retain Senate provisions.

Rev. REINHART B. GUTMANN,
Executive Secretary, Division of Community Service Executive Council
Episcopal Church.

GRAND RAPIDS, MICH.,
December 12, 1967.

Senator PHILIP HART,
Senate Office Building,
Washington, D.C.:

The Kent County Board of Social Services urgently requests that H.R. 12080 be returned to conference committee for the purpose of reconsidering and eliminating the freeze on AFDC and removing the requirement of substantial connection with the labor force in cases of unemployed fathers

of dependent children these restrictions are definitely against the welfare of the needy children of this community and, by transferring their care to local government at which must be of a lower standard because of limited local fiscal ability, will nevertheless impose extreme financial burdens upon this county.

MSGT. JOSEPH C. WALLEN,
Chairman.

PETER BROWER,
Vice Chairman.

RUPERT KENNETTE,
Chairman, Director.

JACKSON, MICH.,
December 13, 1967.

Senator PHILIP A. HART,
Senate Office Building,
Washington, D.C.:

The Michigan State Association of County Officials urgently requests that H.R. 12080 be returned to conference committee for the purpose of reconsidering and eliminating the freeze on AFDC and removing the requirements of substantial connection with the labor force in cases of unemployed fathers of dependent children.

These restrictions are definitely against the welfare of the needy children of this state and will impose, by transferring their care to local government at which must be a lower standard because of limited local financial ability, impose extreme financial burden on local government.

DOUGLAS BURLEIGH,
President, Michigan State Association
of Administrative Officers.

GRAND RAPIDS, MICH.,
December 12, 1967.

Senator PHILIP HART,
Senate Office Building,
Washington, D.C.:

The Kent County Board of Supervisors urgently requests the H.R. 12080 be returned to conference committee for the purpose of reconsidering and eliminating the freeze of AFDC and removing the requirement of substantial connection with the labor force in cases of unemployed fathers of dependent children. These restrictions are definitely against the welfare of the needy children of this community and, by transferring their care to local government at which must be of a lower standard because of limited local fiscal ability, will nevertheless impose extreme financial burdens upon this county.

LEONARD ANDERSON,
Kent County Board of Supervisors.

DETROIT, MICH.,
December 12, 1967.

Senator PHILIP HART,
Senate Building,
Washington, D.C.:

The anti-welfare provisions of the welfare bill must be defeated if this is not impossible then kill the bill. Sincerely yours,

ROCHELLE MCCOULLOUGH,
WCO Welfare Union.

DETROIT, MICH.,
December 14, 1967.

Senator PHILIP A. HART,
Washington, D.C.:

Please continue fighting for a decent welfare bill you have our support.

MARY MATHEWS,
Chairman, West Side Mothers ADC.

FLINT, MICH.,
December 12, 1967.

Senator PHILIP A. HART,
U.S. Senate,
Washington, D.C.:

Flint area social workers know you share our chagrin that H.R. 12080 conferees failed to hold to their Senate passed liberalizing amendments, particularly upon public welfare provisions. We strongly urge send bill back to conference with instructions at min-

imum to eliminate AFDC freeze and restore Senate-passed resolutions for exemption of mothers of preschool children from requirement to take jobs; also as regards job requirements for mothers or school age children. These are punitive restrictions. Cost to Genesee County alone would be staggering in local tax funds and in acute deprivation of children.

MURRAY M. EISEN,
President, Flint Area Chapter National Association of Social Workers.

BATTLE CREEK, MICH.,
December 14, 1967.

Senator PHILIP A. HART,
U.S. Senate,
Washington, D.C.:

The Southwestern Michigan Chapter of the National Association of Social Workers deplores the ADC freeze and loss of Federal funds to Michigan recipients in H.R. 12080. Urge you to block or amend in whatever way possible.

DONALD THACKER,
ACSW, Chairman, Social Action Committee.

GRAND RAPIDS, MICH.,
December 12, 1967.

Senator PHILIP A. HART,
Senate Office Building,
Washington, D.C.:

The Michigan Association of County Social Services Boards and Directors urgently requests that H.R. 12080 be returned to conference committee for the purpose of reconsidering and eliminating the freeze on AFDC and removing the requirement of substantial connection with the labor force in cases of unemployed fathers of dependent children. These restrictions are definitely against the welfare of the needy children of this State and, by transferring their care to local government at which must be of a lower standard because of limited local fiscal ability, will nevertheless impose extreme financial burdens upon local government.

THE EXECUTIVE COMMITTEE,
By PETER BROWER,
President, State Association County Social Services Board and Director.

WASHINGTON, D.C.,
December 11, 1967.

Senator PHILIP A. HART,
Washington, D.C.:

The National Association of Social Workers is deeply concerned about restrictive welfare provisions in conference report on H.R. 12080—the Social Security Amendments of 1967. Compulsory work requirements on mothers with small children and the AFDC freeze must be eliminated. Respectfully request that you not approve conference report but refer it back with request that new conferees be appointed.

CHARLES I. SCHOTTLAND,
President, National Association of Social Workers.

THE INADEQUACIES OF THE SOCIAL SECURITY CONFERENCE REPORT

Mr. WILLIAMS of New Jersey. Mr. President, I was a little astounded to learn that the social security conference report was adopted before 10 o'clock yesterday morning by a voice vote. I was a little surprised because I thought it was obvious to most of the Members of the Senate that at least several Senators were not satisfied with the conference report, and had decided that its inadequacies at least needed to be exposed. I was gratified by the action of our able majority leader in his allowing us to at least reconsider this hasty, ill-advised action.

The social security conference report is before us, although I do not recognize it for the progressive document that the Senate recently overwhelmingly passed. All the months of hard work, all the millions of words in the Finance Committee sessions are seemingly wasted on this curious conference report. If we defeat the conference report now it will mean a temporary setback to those who know so well the desperate need for more equitable benefits.

If we accept this regressive, almost embarrassing conference report, we will be giving our least efforts to all the requests we have made for a more realistic social security benefit schedule. We will be announcing to millions of Americans who depend on us that although we have promised them something better, we are going to give them something very shabby instead. This report, if accepted, will be an easy explanation for the persistence of poverty. In it we will have deprived thousands of children of needed welfare assistance who, through no fault of their own, were born in poverty. We will have also forced mothers to leave their homes and go to work at a critical stage in their children's development.

And, among other things, we will have provided less than the minimum across-the-board increase for which we had all hoped.

The easy solution to our dilemma is to accept the conference report; however, I believe we must muster a little more courage and reject the conference report and request another conference. There we must make a greater effort to correct the wrongs and the setbacks we are about to perpetuate.

My criticism of the conference report is directed at several major decisions made during the conference.

Foremost among many unfortunate decisions was the cutback in social security benefits, from an average of 15 percent to an average of 13 percent.

It is ironic that at about the time the conferees were reaching their final conclusions, the Senate Special Committee on Aging was hearing from economists and others who warned that social security is running a poor race with poverty among the elderly.

Here, for example, is what the National Council on the Aging had to tell us:

The Social Security amendments recommended this year by the President would increase the minimum annual benefit to \$840 per year for an individual and \$1,260 per year for a couple. The 15 per cent increase would mean that the average Social Security benefit would still be slightly below the poverty level. Thus does the Government fight a war on poverty on the one hand and propose legislation bound to perpetuate poverty on the other.

The witness, of course, was talking about the 15-percent increase in the Senate bill, not the 13-percent increase advanced in the conference report.

Mr. President, many of the disappointments that have occurred during the first session of the 90th Congress are rooted in harsh realities such as the tremendous and unquestioned costs of the war in Vietnam and our other defense programs. Jeweldean Jones, associate director of

the National Urban League, made the point in the clearest and most succinct manner I have heard when she said:

Not only materialistic goals, but scientific, technological, and military aims absorb us. We are skilled in the art of war; we are unskilled in the art of peace. We are proficient in the art of killing; we are ignorant in the art of living. Somewhere in the scheme of things, these values must be reordered. This must be reflected in the re-allocation of our national expenditures. Basic human qualities have to receive our highest priority, or progress on all other fronts becomes meaningless.

The low priority given to such values is evident when you read the social security conference report. It was strikingly expressed in the decisions to eliminate the Senate provision of the bill to exempt mothers from working; to prohibit a father from receiving welfare benefits if he is getting unemployment compensation; to recede on earnings exemptions that were more realistic in the Senate-passed bill; to permit a freeze on the number of children on ADC; to eliminate my amendment which would have aided children in foster homes on a similar basis that such aid is now provided to children receiving AFDC; and the arbitrary decisions to eliminate every other liberalizing, humane, progressive and realistic provision that the Senate included in the Social Security Amendments of 1967.

Mr. President, I am very much concerned and disturbed by the conference report on the social security amendments. I am hopeful that we will demonstrate the courage of our convictions by refusing to accept the compromise we have before us. We are capable of so much more. These millions of Americans deserve so much more.

I realize that it is almost futile, but I would like to see a new conference convened to produce a truly equitable bill.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that a telegram from the Governor of the State of Washington on the subject of the social security legislation be printed at this point in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

OLYMPIA, WASH.,
December 13, 1967.

Senator WARREN G. MAGNUSON,
Senate Office Building,
Washington, D.C.:

Conference version H.R. 12080 has many excellent provisions but we strongly object to certain provisions which will seriously impair the public assistance program in this State.

1. Limitation on Federal participation in AFDC for children deprived by absence to proportion existing in 1st quarter 1968. This State is under threat of a restraining order which could remove residence requirements and increase the proportion of population technically eligible for AFDC. A maximum related to proportion prior to removal of residence is inappropriate. Population estimates neither sufficiently refined nor timely to be effective or equitable as caseload controls. Although we share with Congress its concern with the AFDC program States such as Washington which have rehabilitated AFDC mothers and kept caseloads down are penalized.

2. Requirements for substantial attachment to labor force to be eligible for AFDC penalizes an unemployed family which stays

together since if the father were to leave home his family would then be eligible for AFDC.

3. We oppose transfer of the community work and training program currently administered by local public offices to the Department of Labor with its concentration of authority at the Federal level. Local public assistance agencies have greater knowledge of work and training needs of recipients and could affect more timely assignments. The State of Washington has current assistance standards, provides a broad medical care program, rehabilitative services, and is interested in a good welfare program. We urge that H.R. 12080 be returned to conference for further consideration and appropriate changes in these three critical areas.

DANIEL J. EVANS,
Governor, State of Washington.

Mr. MAGNUSON. Mr. President, I am in great sympathy with what the Governor of Washington proposes in view of the conference version of the bill.

Had I had a chance to vote to recommend the bill, I would have done so in the hope that some of the provisions would have been changed. However, with the legislative situation as it is now in both the House and the Senate, we are required to vote the social security conference report up or down.

I would not want to vote "no" on this matter because the measure does contain many good features. It would afford a lot of needed relief in this field to many people.

I hope that in the very near future we will have a chance, in the next session, to legislate further on some of the provisions of the conference report with which I did not agree.

I am in entire agreement with the Governor of Washington in his statement. However, we did not have a chance during this legislative session to vote in, at least as he points out, three critical areas of the bill which need further consideration.

Mr. KENNEDY of Massachusetts. Mr. President, the emotional debate over the Senate's vote on the social security conference report has treated in depth the harsh and restrictive provisions imposed on welfare recipients. It has highlighted the inadequacy of the increase in social security benefits. It has dramatized the Federal Government's retreat from its pledge to the States for participation in the medical program. In short, the debate has shown that the Senate should not accept this conference report without firm assurances that early next year we will have a chance to reopen the whole matter.

When the implications of this bill are fully understood in our statehouse, in our city halls, in our senior citizen's homes, in our welfare offices, and in our ghettos. I believe that there will be a very much higher degree of dissatisfaction with this bill than there now is. By accepting this report, I think we will light a fuse. The length of that fuse will be determined by our commitment to early corrective action next year, if the Senate votes today to accept the report.

Let me cite briefly a number of the bad provisions in the bill. The conference report now forces mothers to work if they are to get their ADC payments. The conference report freezes the number of chil-

dren that can receive ADC payments. The conference report does not require that the increase in social security benefits will be passed on to all recipients, because there is no maintenance of effort requirement in old age assistance payments. The conference report ignores both the President and the Senate in raising social security benefits only 13 percent—when what we really need is a 20 percent increase. The conference report would produce a nearly \$2 billion surplus in calendar year 1968—a regressive and harsh tax increase with no corresponding benefit increase. The conference report restricts arbitrarily the earnings exemption which was liberalized so greatly in the Senate version of the bill.

For all these reasons, and many more besides, this bill should today be rejected and a pledge made that next year our first order of business will be the crafting of a fair, meaningful, and progressive social security bill.

The nationwide support for rejecting this report can only be declared overwhelming. The National Council of Senior Citizens, the National Farmers Union, the Railway Labor Executives Association, the Americans for Democratic Action, the Industrial Union Department of the AFL-CIO, the AFL-CIO, the American Veteran's Committee, the Leadership Conference on Civil Rights, the National Association of Social Workers, the Child Welfare League of America, the Medical Committee for Human Rights, the National Conference of Catholic Charities, the Division of Community Services of the Episcopal Church—all these national organizations and more have urged me to reject the conference report as unsound, unsatisfactory, and disruptive.

This nationwide sentiment has been echoed in Massachusetts. Mayor John Collins, of Boston, Gov. John Volpe, of the Commonwealth, Mrs. Larue Kemper of the Social Concerns Committee in Northampton, the Massachusetts Chapter of the ADA, the Jewish Committee Council of Metropolitan Boston, the Right Rev. Joseph T. Alves, of the Massachusetts Chapter of the NASW, Mr. John Sweeney, of the Massachusetts Commission on Aging, Mr. Neil Rosenberg, president, Greater New Bedford Retired Workers Council UAW—all these have urged me to vote to reject the conference report.

We must not lose sight of the fact that many millions of Americans depend upon the various provisions of the Social Security Act for brightening their lives. We must not let our concern over the pages of an accountant's ledger obscure our concern for the dignity of every individual American. Our stature as a nation will be measured by whether we carry out our commitment to democracy—to fairness of treatment for all.

I urge the Senate to reject this conference report.

CHILDREN ARE THE VICTIMS

Mr. NELSON. Mr. President, I am voting against the conference report on the social security bill solely as a protest against some of the unfortunate welfare provisions which were added in the House. I strongly support strengthening

and improving our social security system. I supported the Senate version of the bill which was clearly a better bill.

There are many excellent features in the bill approved by the conference committee, but there are a few very bad features too, and I do not think these can be allowed to pass without some conscientious objections being registered.

The House wrote into the legislation a freeze on funds used to provide monthly assistance to dependent children, without taking into account the effect that this will have on many thousands of innocent children all across the country. This provision will create hardship. Furthermore, it will add an oppressive additional burden to the local property tax.

The reason we have a program of aid to dependent children is because the people of this country do not believe that little children should be made to suffer unduly as a result of disruptions in their family, such as the death of their wage-earning father. The enactment of this House provision would mean that many children simply will be denied the benefits which the law entitles them to. The only alternative will be for the cities or the States, out of their own sense of humanity, to step in and supply the needed funds. It will be extremely difficult for the cities and States to do this. In many cases, legislative bodies which must approve such expenditures will not even be meeting in the coming year.

Consequently, I feel that I must in good conscience vote against this bill to dramatize the lack of wisdom, the sheer lack of human consideration, in writing this feature into the bill.

Mr. COOPER. Mr. President, I am glad to vote for the bill before us.

Social security amendments always present difficult problems. On one hand, benefit increases are never as high as beneficiaries hope they will be to enable them to keep pace with the increases in living costs. On the other hand, the taxes on earnings against both employer and employee alike, which the Congress must levy to support the trust fund from which the payments are made, are also difficult to bear—particularly with respect to the younger employer and employees. But the amendments we adopt today are helpful and progressive, and I shall attempt to name some of them in a very simple fashion.

First, I think the average increase of 13 percent in monthly benefits will help social security beneficiaries reach a higher standard of living than they have been able to have before. The minimum monthly benefit has been increased from \$44 to \$55 per month.

Second, beneficiaries may now earn up to \$1,680 per annum without any deduction from their benefits, as compared to the present \$1,500. They will also be able to earn up to \$2,880 with only a 50-percent deduction in benefits, as compared to the present \$2,700 cutoff point.

Very important, children who become totally disable at a young age will now be able to have a better insured status than before.

The bill includes a provision which will make it possible for an individual to re-

ceive reimbursement under medicare for emergency services received in a non-participating hospital. The bill provides an individual with a lifetime reserve of 60 days of additional coverage under medicare for inpatient hospital care, which can be used after the exhaustion of the 90 days of entitlement of hospital services during any spell of illness. This will prevent the too early discharge of patients.

The bill also raises the special payments to those persons over 72 who are not receiving any monthly payments from Federal funds, and are not insured, from \$35 to \$40 per month for a single person, and from \$52.50 to \$60 per month for a couple.

The most controversial issue in the social security amendments relates to the welfare provisions and their effect upon both the poor and needy and the average taxpayer in our country. It is my belief that every effort must be made to break the cycle of poverty and dependency which exists for so many people in our Nation. This bill provides for work and training programs to enable those on welfare to become wage earners. The programs also include an incentive to work rather than to remain on the welfare rolls, and offer the possibility for regular employment and thus, independence. Yet, these provisions will provide continuing security. I believe that it is essential that people be given the opportunity to provide for their own futures. The purpose of the social security program is to provide for security from dependency. The Social Security Amendments of 1967 are helpful toward the attainment of these goals for every American, and this is the basic reason why I support the bill.

Mr. SMATHERS. Mr. President, I wish to ask the Chair exactly what it is we are voting on.

The PRESIDING OFFICER. The hour of 11:30 having arrived, the Senate, under the previous unanimous-consent agreement, will now proceed to vote on the adoption of the conference report on H.R. 12080. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the affirmative). Mr. President, on this vote I have a pair with the distinguished Senator from Louisiana [Mr. LONG]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore I withdraw my vote.

Mr. CLARK (after having voted in the negative). Mr. President, on this vote I have a live pair with the distinguished Senator from Oklahoma [Mr. MONRONEY]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore, I withdraw my vote.

Mr. BYRD of West Virginia (after having voted in the affirmative). Mr. President, on this vote I have a pair with the distinguished Senator from Alaska [Mr. GRUENING]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." Therefore I withdraw my vote.

Mr. BYRD of West Virginia. I an-

nounce that the Senator from Alaska [Mr. BARTLETT], the Senator from Indiana [Mr. BAYH], the Senator from Connecticut [Mr. DODD], the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. JORDAN], the Senator from Louisiana [Mr. LONG], the Senator from Minnesota [Mr. McCARTHY], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I also announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Alaska [Mr. GRUENING], the Senator from Hawaii [Mr. INOUE], the Senator from Missouri [Mr. LONG], and the Senator from Connecticut [Mr. RIBICOFF] are absent on official business.

I further announce that, if present and voting, the Senator from Indiana [Mr. BAYH], the Senator from Connecticut [Mr. DODD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Hawaii [Mr. INOUE], the Senator from Connecticut [Mr. RIBICOFF], and the Senator from Georgia [Mr. TALMADGE] would each vote "yea."

On this vote, the Senator from North Carolina [Mr. JORDAN] is paired with the Senator from Alaska [Mr. BARTLETT]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from Alaska would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from California [Mr. KUCHEL], the Senator from California [Mr. MURPHY], the Senator from Illinois [Mr. PERCY], and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

The Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Vermont [Mr. PROUTY] is absent because of illness.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Colorado [Mr. ALLOTT], the Senator from California [Mr. MURPHY], the Senator from Illinois [Mr. PERCY], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "yea."

The result was announced—yeas 62, nays 14, as follows:

[No. 392 Leg.]

YEAS—62

Anderson	Griffin	Morton
Baker	Hansen	Moss
Bennett	Hartke	Mundt
Bible	Hatfield	Muskie
Boggs	Hayden	Pastore
Brewster	Hickenlooper	Pearson
Burdick	Hill	Pell
Byrd, Va.	Holland	Randolph
Cannon	Hollings	Russell
Carlson	Hruska	Smathers
Church	Jackson	Smith
Cooper	Jordan, Idaho	Sparkman
Cotton	Lausche	Spong
Curtis	Magnuson	Stennis
Dirksen	McClellan	Symington
Dominick	McGee	Thurmond
Ervin	McGovern	Tower
Fannin	McIntyre	Williams, Del.
Fong	Miller	Young, N. Dak.
Fulbright	Montoya	Young, Ohio
Gore	Morse	

NAYS—14

Brooke	Kennedy, Mass.	Proxmire
Case	Kennedy, N.Y.	Tydings
Harris	Metcalf	Williams, N.J.
Hart	Mondale	Yarborough
Javits	Nelson	

NOT VOTING—24

Aiken	Ellender	McCarthy
Allott	Gruening	Monroney
Bartlett	Inouye	Murphy
Bayh	Jordan, N.C.	Percy
Byrd, W. Va.	Kuchel	Prouty
Clark	Long, Mo.	Ribicoff
Dodd	Long, La.	Scott
Eastland	Mansfield	Talmadge

So the report was agreed to.

Mr. MANSFIELD. Mr. President, just after the social security bill passed the Senate, the authoritative New York Times predicted that it "will rank as the year's outstanding achievement." The Times stated editorially that "the changes it embodies represent the longest stride in three decades toward the goal of all social insurance—to make the society more secure by providing sound answers to the needs of the people."

I certainly subscribe to this view. The Social Security Amendments of 1967 add new dimensions to our ability to "promote the general welfare." In the context of history, the social security improvements are as forward looking and as far reaching in their implications for the times in which we now live as was the original Social Security Act at the time it was enacted by the Congress in 1935. Social security benefits will be increased for 24 million persons. The medicare program is improved and extended.

It certainly can be said that the two committees of the Congress who held the major responsibility for this important legislation spared no effort to be sure that the extensive hearings before both the House and the Senate afforded every interested citizen an opportunity to contribute his experience, his knowledge, and his opinion to the end result. The committees are to be commended for their careful attention to an enormous body of testimony on the many complicated facets of the bill under consideration.

Not only are social security benefits improved for the 24 million persons now drawing benefits but they are improved for all persons contributing to the system—over 80 million persons.

CHILD HEALTH ACT

The Social Security Amendments of 1967 offer us many benchmarks for progress in the years ahead. I would like to call your attention to one section of the new legislation, known by its short title as The Child Health Act of 1967, which sets the stage for a vast acceleration of our efforts to insure the birthright of health to all children.

Through its provisions, we can look forward to further reductions in our infant mortality rate. For the first time, family planning services are specifically identified as a regular part of health services to our families, giving all of our citizens the right to make their choice in this important matter.

The amendments extend until June 30, 1973 the authorization for the maternity and infant care projects which have made possible high quality care for large numbers of women in low-income sections—of both our cities and rural areas. This extension, plus the increased amounts authorized, will make possible expansion in the maternity care program, will help more women in poverty to obtain good care for themselves and

their babies, and will promote major growth in family planning services.

The act provides for the coordination of medical and dental services for children in the vital preschool and school years so that children in families of low income will have attention paid to their health needs at the time in their lives when they can be of the greatest preventive benefit. It also includes provisions that make possible more dental health services for children.

The act requires the States to work harder to find children with handicapping conditions so that these conditions can be treated early in life. It also makes provision for the maximum use of health personnel so that our manpower in this important field can be utilized to the fullest.

We must rely on the children of each generation to carry forward the work of this great Nation. I am happy that the historic Social Security Amendments of 1967 recognize our obligation to them in this meaningful way. It is an important and constructive provision of the legislation.

This bill not only will improve the lot of many needy people but ultimately, holds the prospect of considerable savings for the taxpayers.

The matters these committees deal with range widely over the span of the Nation's problems. Among them is the difficult problem of meeting the needs of the poor, the ill, the aged, and the handicapped. In recent years, this problem has grown in complication because of many forces at work in our society. Poverty is no longer the problem of the individual and it cannot be corrected by telling the individual to mend his errant ways. Programs must deal with causes and must assume, properly, it seems to me, that everybody who is dependent wants to become self-supporting.

EMPLOYMENT AS A GOAL

The legislation now under consideration, and shortly to become law, is as significant a piece of legislation as has ever emerged from the Congress. It is designed to deal with causes and in the highest tradition of a democratic society assumes that the way to cure the problem is to help the individual to meet and conquer his problems.

This legislation, thus, provides for the States to make an individual employment plan for each member of the family receiving assistance for whom employment is a feasible goal. For these persons, and for all others for whom employment is not feasible, at this time, the States are required also to develop a plan for each family designed to strengthen family life.

What are the elements of an employment plan? The proposal, simply, is for persons with employment potential to be tested and evaluated to see what the prospects are for their employment, and what needs to be done to improve these prospects. The Department of Labor will carry this part of the program and will be responsible for making a plan for the individual which will assure him, or her, a chance to improve his skills and find a job. For some persons, this may mean back to school to make up for education

missed, or to learn new skills in a training center, or on a job. For others, it may mean, merely, locating a job for the individual to perform. Inasmuch as many of these potential workers are women, with children, the welfare agencies are responsible for making a plan for child care so that the mother can leave the home and go into her training or employment with the assurance that her children are well cared for. This provision alone is of tremendous significance as well as controversy. Its positive aspects will afford the Nation an increase in places for children in child care centers which are badly needed. Many groups have asked for this kind of help.

STRENGTHENING FAMILY LIFE

Strengthening family life, the other major goal of individual planning, is very much needed. The growing incidence of illegitimacy, desertion, and divorce is of great concern to all Americans. Among the needy, those with limited education and poor parental background, these problems are especially severe.

The unfortunate children who happen to be illegitimate must never be punished. Every effort should be made to obtain support from their parents. Only too often these steps are not taken. If the children have been deserted, every effort must be taken, under this bill, to use the existing legal machinery to locate the absconding individual and hold him accountable for the money he should pay for the support of his children.

Strengthening family life is more than dealing with problems of illegitimacy and financial support. It is helping families to keep children in school, to offer help to mothers in learning the business of running a home, preparing nutritious foods, dressing the children and getting them to school on time. Many families need this help which, under this legislation, can be offered by the social workers of the agency or by homemakers. Legislation enacted in 1962 made a start in the direction of helping dependent families with their problem. The 1967 legislation provides further impetus in this direction by requiring States to provide the necessary social services.

EMERGENCY AID

Families with emergency trouble will be able to receive emergency assistance in whatever form it is best for them at their time of need. Families which have been burned out, suffered personal tragedies and such will be able to get money, medical care, shelter provided, food sent in, or whatever else is needed to deal with the crisis. The committees are to be commended for adding this provision, thus, recognizing that emergencies which strike families cannot be dealt with by business-as-usual methods.

Sometimes emergencies which strike families reveal deepseated problems which establish that the children are in danger of exploitation or abuse. Under the legislation, States are required to have, in advance, plans to deal with these situations. This means working closely with the courts and being prepared, when necessary, to find places for children removed from the home by the courts. For these children, previous provisions have been inadequate. Under the

new legislation, the financing will be sufficient to assure that the child may be placed in a safe place with the Federal Government paying its share of the cost.

IMPROVED MEDICAL CARE

A number of provisions in the legislation deal with the program of medical assistance. In addition to making certain that the financing of that program is kept within reasonable limits, the legislation contains a number of provisions which will make more safe and secure the lives of those who must live in nursing homes. Standards for such homes have not been sufficiently high to assure that those who must receive that form of care will be properly cared for. Under the bill, standards will be improved several ways. One of the most interesting is a provision that the administrators of such homes will need to be licensed and the States will be obligated to provide training programs for such administrators. The nursing home industry has grown rapidly and not all administrators have had training or even valid experience in the kind of work they are now engaged in. This is unfortunate and has resulted in questionable care in some places. This legislation should correct that problem.

Provisions are included to provide a start for improved management of medical assistance programs. One of the areas most in need of attention is the provision of drugs. The Department of Health, Education, and Welfare will be working with the States to experiment with methods of more efficient and economical administration of the drug parts of the program as well as others. These provisions will be of benefit to all in the community, not only to those who are beneficiaries of the welfare programs.

The question has been raised that the welfare provisions are negative or could be punishing. If it should turn out that some States, in their zeal to reduce the costs of assistance, are punitive in their approach, or if any particular provision reveals itself to be in and of itself mischievous, I am confident that Congress will promptly respond with corrective measures.

In conclusion, I wish to stress the positive features of the legislation. I wish to emphasize the monumental aspects of this great advance in responding to the needs of the elderly and the less fortunate.

Mr. HOLLAND. Mr. President, when the social security bill came up for passage in the Senate in the form that it then existed, I voted against it, and made a statement for the Record.

Since I have gladly voted for the conference report on that bill, which has just been agreed to—and I am happy that it has been agreed to—I wish to repeat for the Record a part of the statement that I made at that time.

This is what I said:

This is an extremely swollen bill, with numerous provisions in it which cannot be financed, and which I hope will be cut out in conference, so we will have a reasonable approach to this program. I do not want to see our old people persuaded that they have something they have not got, or that Congress has done something for them which it

has not done, because here is a bill which is not properly financed, which could not stand under its own weight, and which I hope will come back, under the able leadership of the Senator from Louisiana, out of conference in a much better form, so that we may support and say to our elderly friends, "We have given you something that is meaningful, because we have provided for the payment of the additional benefits which we are voting.

I am happy that the bill did come back from conference in accordance with the hope that I expressed at that time. The conference bill is well financed, and the additional benefits that it affords to our elderly people are financed so that they will be paid.

I think that those Senators who voted in favor of the conference report should be very happy that the conference report was in the form in which it was.

I congratulate the Senator from Louisiana, the chairman of our committee, and our other conferees for having participated in making the changes which have made the bill a bill of which friends of a reasonable social security program can be proud.

SOUNDNESS OF THE SOCIAL SECURITY PROGRAM

Mr. RANDOLPH. Mr. President, I commend the Members of the Senate and House who served on the social security conference committee for their diligent work and for their efforts in making this much-needed legislation a reality. The members of both the House Ways and Means Committee and the Senate Finance Committee, and their distinguished chairmen, have our commendation for their dedication and diligence in formulating and perfecting the Social Security Amendments of 1967. Once again we observe the soundness and adaptability of our social insurance system—the fact that it can be amended by the Congress to fit our constantly changing times.

THE ABLE CHAIRMAN, SENATOR LONG OF LOUISIANA AND REPRESENTATIVE MILLS

It was my privilege to serve in the House with WILBUR MILLS. He is an able Representative.

Senator LONG of Louisiana has proved his leadership in social security legislation.

The principle of a financially sound program is met under present law and—thanks largely to the purposeful and diligent work of the gentlemen in both committees of Congress—it will continue to be met under the provisions of the new measure on its way to the President for signature. This is in the best tradition of the program. Over the years, regardless of political party, both the Congress and the executive branch have been scrupulous in providing for full financing of all program liberalizations. The nature of the contributory program, with its huge commitments to the future welfare of the aged, the disabled, and the widows and orphans of the Nation, demands and receives this kind of fiscal responsibility. The congressional intent has always been that contributions plus interest on the trust fund investments shall be sufficient to meet all of the costs of benefits and administration, now and into the indefinite future. The new legislation adheres to this intent—and the program under its

provisions will continue to be self-supporting.

The financing provisions are sufficient to meet a large part of the cost of the benefit improvements provided. Part of the remaining cost will be financed by an increase in the contribution rates of the program—from an ultimate rate of 5.65 percent for employers and employees under present law to 5.9 percent.

The remaining cost will be met by an increase in the benefit base—the annual amount of earnings that is subject to the tax and counted toward benefits—from \$6,600 to \$7,800. Keeping this base current is the factor that determines how effective is the job that social security does in providing retirement security. H.R. 12080, in raising the contribution and benefit base to \$7,800, has thus increased the retirement security of middle and upper income citizens. It is in the best interest of millions of persons to raise the base. In effect, it will enable them to count on much more adequate benefits in retirement and in case of disability, and a much more comfortable level of income protection for their families. About 81 percent of all workers will now have their entire earnings covered by social security; nearly 64 percent of regularly employed men will have all their earnings covered.

For these reasons, I appreciate and commend the 1967 amendments to the Social Security Act. Some provisions are not 100-percent acceptable to many persons, but the financial soundness of the social security program is assured. At the same time, proper consideration is given to the needs of our elderly citizens. The newest social security measure is surely one of the outstanding accomplishments of this 90th Congress.

MEDICARE IMPROVEMENTS

Mr. ANDERSON. Mr. President, the social security bill that we have just approved is an outstanding one in several respects. Although the final bill as agreed upon by the House-Senate conferees does not include a number of improvements that we in the Senate would have liked to see included, it is nevertheless an impressive bill.

To me the improvements in the medicare program are particularly noteworthy—not so much for the size of the improvements that are made in the medicare benefits as for what the adoption of the amendments indicates about the success of this new part of the social security program. It is only 2 years since health insurance for the aged was added to the Nation's basic system for providing workers with retirement, survivors, and disability insurance. We all recall the dire predictions that accompanied the final adoption of the proposal that had so long been a subject of controversy—the system would prove unworkable, the doctors would not cooperate, and so on. None of these predictions came true. Instead, with the cooperation of hospitals and other medical institutions, private insurance companies, physicians, and the senior citizens themselves, the new program in the short space of a year and a half was so well established that both Houses of the Con-

gress were ready to make minor adjustments and improvements that would help the system to operate more effectively—without any talk of scrapping the system.

This bill will smooth out some rough spots in administration—for example, it will simplify collection and payment for hospital outpatient services by consolidating them under one part of the program, and will make it easier for beneficiaries to pay their physicians' bills by allowing them to claim medicare reimbursement before paying the bill. It will also improve benefits by providing additional days of hospital coverage in the form of a lifetime reserve of 60 days of hospital coverage with the beneficiary paying \$20 a day coinsurance, by permitting the medical insurance program to pay for X-rays and laboratory services for people in hospitals and extended care facilities where the hospital insurance program cannot pay, and by covering outpatient physical therapy provided by or through a variety of health agencies and institutions.

It is highly satisfying to find that the new part of our social security program has so quickly taken its place as a part of the system on which virtually all of our citizens depend. Now people can safely count on social security to provide benefits not only in case of retirement, death and disability, but also in case of illness in old age. And they know that the benefits will be theirs even though they have been able to save a substantial amount on their own, and not just if they are needy. To me the idea of paying contributions during working years so as to receive benefits without question when the family's work income is cut off by retirement, death, or disability is so appealing that I feel a fresh glow of pride every time we make improvements in our social security system. I am very proud of the Social Security Amendments of 1967.

Mr. CHURCH. Mr. President, with misgivings, I have voted to accept the conference report on H.R. 12080. The bill produced by the Senate-House conference not only strips away many of the gains we added in the Senate, but reinstates some sections that are clearly regressive.

The worst provisions in the conference version of the bill are outlined in a telegram I received from Bill Child, commissioner of the Idaho Department of Public Assistance, in which he said:

Provision known as AFDC freeze and provision that could be used to require mothers to take employment contrary to best interests of their children is highly discriminatory and not in the interest of the welfare of children. Urge restoration of Senate version on these points.

I agree with Commissioner Child. Surely this freeze on funds for aid to families with dependent children would work new burdens on all States. In Idaho, where taxes are already very high, it would be difficult to supply the money needed to supplement the programs so restricted; thus the penalty may of necessity be shifted to the children themselves. It is not difficult to see how a State would have only two choices: either reduce payments across the board

to preserve equality of treatment for all, or refuse assistance to all who exceed the arbitrary quota.

Likewise, in the provision for mandatory employment of mothers, the principal victims, certainly through no fault of their own, will be the children. While everyone would like to convert welfare recipients into self-sufficient workers and taxpayers, it seems to me that compelling mothers to work, regardless of the needs in the home of their minor children, is a heavy-handed approach.

I have voted for acceptance of the conference report only because I fear that its rejection would jeopardize the increased retirement benefits, now due to become effective in March 1968, so important to millions of our retired citizens.

There is strong feeling among my colleagues—feeling similarly expressed today by the President—that we must review, shortly after the start of the next session of this Congress, and attempt to amend the House-drafted welfare sections of this bill.

EFFECT OF SOCIAL SECURITY BILL ON
POVERTY

Mr. FULBRIGHT. Mr. President, I would like to take this opportunity to point out that one of the major effects of the social security bill will be to reduce poverty. I think we would all agree that poverty is unnecessary and that we should take every opportunity available to rid ourselves of this scourge.

Using the standard for poverty developed by the Social Security Administration, we find that 7.5 million of the 19.3 million persons aged 65 and over are poor. And—what is worse—while the total number of persons of all ages considered to be poor becomes less with each passing year, the number of persons aged 65 and over who are considered poor is actually increasing. There is no doubt that the aged population of this country easily qualifies as the Nation's major poverty group.

Without social security, this picture would be worse than it is now. About 5.7 million people 65 or over are kept above the poverty level only by the receipt of their monthly social security benefits. This means that 36 percent of the 16 million social security beneficiaries aged 65 or older are kept above poverty only by the receipt of their monthly benefits.

Under the bill we have just passed, which would raise cash benefits under social security by 13 percent, with a \$55 minimum benefit, about 1 million beneficiaries who are now poor will be moved out of poverty. About 200,000 of these beneficiaries are under 65—young widows with children and disabled workers and their dependents.

Thus, I consider this bill as one of our most important weapons in the war against poverty. Every Senator who voted for this bill helped us take another giant step along the road to economic security for all our citizens.

Mr. MANSFIELD. Mr. President, the social security measure just adopted by the Senate will appear on the books as a lasting monument to the devoted and diligent efforts of the distinguished Senator from Louisiana [Mr. Long], the highly able chairman of the Finance

Committee. The older Americans who stand to benefit by its provisions will now realize the fruits of the promise made more than a year ago. There certainly is great merit in the proposal and in the provisions that are designed to lift so many persons out of depths of poverty, in the increases that will benefit the recipients of medicare and social security, and in all the other laws that have been expanded and improved. The Senate is highly grateful to Senator Long for his outstanding efforts.

SOCIAL SECURITY CONFERENCE
REPORT

Mr. DIRKSEN. Mr. President, one of the local newspapers published a story concerning so-called senatorial maneuvers with respect to the social security conference report. In the article, written by Mr. Walter R. Mears of the Associated Press, he speaks of two of our distinguished Senators, the Senator from Louisiana [Mr. LONG] and the Senator from West Virginia [Mr. BYRD] as follows:

Long and Byrd engineered passage of a bill, the Social Security increase, when only a handful of Senators were on hand soon after the Senate convened at 9 a.m. yesterday.

Well, that term "engineered" is not quite a correct term. There were enough Senators here and enough Senators who could hear to know precisely what was going on. I was in and close to the well most of the time, and I knew what was going on. When the distinguished Senator from Ohio, the Presiding Officer, said, "The question is on adoption of the conference report," and the question was "yes" or "no," the question was put, and that was it. The question was raised about reconsideration. I forget, but I think I made the motion to table.

So I accept my share of the responsibility, and in so doing I do not apologize for a moment to any Senator who was asleep at the switch. If they are going to conduct a "minibuster," or filibuster, or some other kind of "buster," they had better be "up and at 'em" and better be "watching their apples," because it is not my function or that of the majority leader to have to call up Members of this body and say, "Please come over here if you want to be heard, please come over here if you want to vote, please come over here if you want to participate."

That is what the staff is here for. They keep everybody advised as to what is going on.

I think this kind of article is a distinct disservice to two outstanding Senators, Senator LONG of Louisiana, and also Senator BYRD of West Virginia. The Senator from West Virginia has exhibited the greatest kind of patience on this floor, who has been diligent almost to a fault, and who has been here early and late. Instead of scolding them as this article

does, I think they ought to be applauded for their actions in the Senate, for keeping the Senate moving. It cannot be stalemated. It cannot be stopped, particularly in the adjournment season. Every Senator ought to know, and he ought to be here, when he contemplates action of some kind in order to stalemate adjournment and have this go into another week or have the social security bill go over into a new year.

Fortunately, it turned out all right, because we were put into a bargaining position where we could get a day certain for a vote. Wherever I participated and whatever I had to do in it, I accept that role gladly, cheerfully, and proudly.

Mr. METCALF. Mr. President, I would like to respond to the statement made by the Senator from Illinois. The Senator from West Virginia and I had discussions about this very matter this morning. I have just been handed the material that the distinguished minority leader put in the RECORD. As far as the Senator from Montana is concerned, it is a moderate and accurate description of what happened. The junior Senator from Montana was prepared to talk on the bill. He went to the acting majority leader, he went to the manager of the bill on the floor, and told each of them he was prepared to talk on the legislation the night before. The Senator from Tennessee [Mr. GORE] said, "I am hungry. Let's go home." I said, "Very well. I will talk tomorrow. I want to make a statement on this important and significant legislation." Then I said to him, "I have a meeting of a committee at 9:30, where one of my constituents will come in and is to be confirmed for a nomination on the Indian Claims Commission. I would like to talk on the bill."

This does not involve any kind of a "buster." It involves a question of the right of a Member of the Senate to make a presentation on the floor. There were weeks of hearings in the House of Representatives. There were pages of debates. There were weeks of hearings in the Senate. There were days of executive hearings. We had debate on the floor. This Senator sat on this floor and listened as patiently and as courteously as he could while the various members of the conference committee made their points, made their discussions and their defense of the legislation. This Senator was ready, later that evening, while most Senators had gone home, including the Senator from Illinois, to make his statement on the bill. This Senator expected the manager of the bill and the acting majority leader to keep the commitment made to him and give him the opportunity to speak before final passage.

I did not rely on the Senator from Maryland. I did not rely on any Senator. I did rely not on anything except the ordinary, customary courtesy the minority leader always affords Members on his side and the acting majority leader has always afforded Senators on this side before—that I would be notified and I would be able to go to my committee meeting as expected.

Mr. DIRKSEN. Mr. President, I reiterate what I said before as to what happened. I am describing what happened on the floor.

Mr. METCALF. I am describing what happened on the floor.

Mr. DIRKSEN. I was not privy to conversations with the chairman of the Finance Committee or anyone else, but I was standing here in the well of the Senate, and I could hear, emphatically and distinctly, the question that was put. I think everybody in the Chamber heard it. He should have heard it. There was no undue confusion or commotion. What should the Chair have done under the circumstances? Look around and ask some Senator if he did not have a few kind remarks to make? That is not the function of the Chair.

Mr. METCALF. The chairman of the committee, as the floor manager of the bill, who left the Senator from Tennessee to make commitments for him, should have notified me, when they told me I could go to the committee meeting to introduce my distinguished constituent, who was going to be confirmed.

Mr. DIRKSEN. I object to any account which says something was "engineered" by a couple of Senators, because when one uses the word "engineered," one gets the idea that it was carefully planned and that the plan was carefully carried out. Nothing of the kind happened here. The idea of attributing to the Senator from West Virginia some kind of engineered plan is simply not in accord with the facts.

Mr. METCALF. I have not used the word "engineered," but I will stand on the record made by the acting majority leader, manager of the bill, and the Senator from Tennessee, who was acting after the Senator from Louisiana had gone home, and the record made this morning.

Mr. DIRKSEN. And I likewise stand on the record, because the distinguished Senator from Maryland was in the rear row—

Mr. METCALF. I did not rely on the Senator from Maryland.

Mr. DIRKSEN. I did not say the Senator did.

Mr. METCALF. I did not rely on any other Senator. I relied on customary courtesy when I went to the acting majority leader, and expected him to protect my right, just as the Senator from Illinois protects the rights of Senators on his side.

Mr. President, I ask unanimous consent that an article which appeared in the Evening Star of today be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SENATOR'S MANEUVER BACKFIRES: BENEFITS BILL NO BENEFIT TO LONG, BYRD
(By Walter R. Mears)

Senate Democratic whip Russell B. Long, who knows which wires to cross to make sparks fly in the Senate, may have a short circuit on his hands.

A key Senate Democrat believes that with one 30-second exercise yesterday, Long has dimmed—perhaps eliminated—the chance that he will one day become Democratic leader.

And the leadership ambitions of Sen. Robert C. Byrd, D-W. Va., now No. 3 in the Senate's Democratic hierarchy, apparently also suffered in the same process.

Long and Byrd engineered passage of a bill,

the Social Security increase, when only a handful of senators were on hand soon after the Senate convened at 9 p.m. yesterday.

Byrd made the routine motion which normally renders passage final. But nothing is really final in the Senate, so the whole process was swiftly undone, to be voted on again today.

A bloc of Senate Democrats oppose restrictions on federal welfare aid written into the Social Security bill, and they wanted to talk about the subject.

They assumed that, in the club-like custom of the Senate, they would be protected by Democratic leaders—that is, that there would be no vote until they had their say.

Democratic Leader Mike Mansfield was on the telephone in his office when Long seized the leadership reins and, as the man in charge of the Social Security bill, moved for its approval.

Long's is a dual role for, in addition to being Mansfield's deputy, he is chairman of the Finance Committee.

It wasn't the first time Mansfield had seen his deputy try to take charge. In an earlier disagreement over a tax bill, Mansfield declared the issue to be a vote of confidence in his leadership. He won.

This time he said that a leader is entitled to some consideration when he must leave the floor, and added:

"There is such a thing as decorum and dignity in this body."

"There are times when under pressure senators do things which they're sorry for later," Mansfield said afterwards.

But an unrepentant Long left town for Louisiana defending his tactics.

"The way to break a filibuster is to vote when you have a chance to vote," Long said.

"I thought I was dealing with men," snapped Sen. Robert F. Kennedy, D-N.Y., who said he had an understanding with Long that there would be no vote until he had spoken on the bill.

Byrd stepped in at this point, and said he resented Kennedy's words. He denied there was any deception, and added he had repeatedly delayed Senate roll calls to suit the New York's convenience.

"For whatever I've done, I apologize," said Byrd, who moved into the Democratic leadership this year as secretary to the Democratic conference and has worked hard at the job.

Long is serving his second term as Democratic whip. His stewardship this year has sometimes been abrasive. And there have been past differences with Mansfield.

SOCIAL SECURITY BENEFIT
INCREASE

Mr. MONTROYA. Mr. President, it is with great pride that I endorse, along with so many other Senators, the social security bill that has been passed by both Houses of Congress and that shortly will be signed into law.

While the bill contains many much-needed improvements in the social security program, the most immediately important thing about it is that, with the benefit increase that it contains, the more than 23 million people now on the social security benefit rolls will have their levels of living substantially improved.

The 13-percent across-the-board benefit increase provided by the bill is a badly needed increase. For a great many of our social security beneficiaries, all they have in terms of a regular income is their social security benefit, and for almost all beneficiaries, social security benefits and for almost all beneficiaries, social security benefits are their main source of support. It is for this reason that the level of social security benefits is the all-important factor in determining how well these people will be able to live. About three-fourths of the aged who get social security benefits, for example, are either living in what is looked upon as poverty today, or would be, if it were not for social security, and a very high proportion of the other one-fourth are very close to the poverty line. I can assure you that the increase will be very meaningful to the large number of beneficiaries who are trying to get along on incomes that are too small to meet their needs.

The average benefit for retired workers today, for example, is about \$86 a month; for aged widows, the average is

\$75 a month. In a country as prosperous as the United States, there is no reason why these people should not share in the expanding prosperity most of us have come to know and enjoy. Under the bill, the average benefit for retired workers will be increased 14.3 percent, to \$98, and the average benefit for aged widows will be increased 14 percent, to \$86. Benefits that now range from \$44 to \$142 for retired workers will be increased to a range of \$55 to \$160.50.

The bill also substantially improves the protection provided under the program for the 86 million workers now contributing to the program. As a result of the higher amounts of annual earnings that would become creditable toward benefits, it provides for an increase of about 30 percent in the maximum benefit that will ultimately become payable under the program. Under present law, the maximum benefit is \$168—based on average monthly earnings of \$550—\$6,600 a year. Under the bill, the maximum benefit would be \$218—based on average monthly earnings of \$650—\$7,800 a year.

The new maximum retirement benefits will, of course, be paid only to workers earning above \$6,600 a year—up to \$7,800 a year—over a considerable period of time before they retire. But benefit amounts are also increased significantly for workers who will pay on these higher amounts for a relatively short period. For example, a man age 50 in 1968 with annual earnings of \$7,800 or more a year will get a retirement benefit of \$188.80—a 21-percent increase over the old law. Disability and survivorship protection will be increased even more quickly. If the same man became disabled in 1970, for example, he would get a monthly disability benefit of \$165—a 15.3-percent increase over old law. And if he died in 1970 his widow and child would receive a monthly benefit of \$247.60—also an increase of 15.3 percent over the old law.

Thus, the bill we have passed today not only improves the lot of this country's nearly 24 million current social security beneficiaries, but also makes the program significantly more effective than it has been in assuring adequate protection for all of this country's present work force, who, of course, will comprise tomorrow's beneficiaries.

I am particularly pleased to see that the bill contains provisions to alleviate the plight of those women who have the twofold misfortune of losing their spouses and becoming severely disabled.

Under present law, a widow cannot get benefits until she attains age 62 unless she has a child in her care or she takes reduced benefits at age 60. During the period after the widow's children reach age 18 and before she attains age 60, the widow is without any social security protection.

The widow in her 50's who has suffered the dual tragedy of the death of her life-long partner and helpmate and of a severe impairment that destroys her working ability, has a need which this bill recognizes. The able-bodied widow can work during this hiatus of protection. However, the widow who incurs a severe

disability, of course, is not able to support herself by working.

The need for protection, therefore, is at least as great for the disabled widow who cannot work and support herself as it is for the able-bodied 62-year-old widow.

The bill provides benefits for a widow who becomes severely disabled before she has had a reasonable opportunity to acquire social security protection through her own work. The widow will be eligible if disability has begun before or within 7 years after either her husband's death or the termination of her social security benefits as the mother of a dependent child.

To provide benefits for disabled widows as the bill does seems badly overdue. The bill also provides benefits to disabled widowers who were dependent on their spouses, since their need for protection is comparable to that of disabled widows.

We cannot ease the heartache involved for these disabled widows and widowers. But we can, and do, in these provisions help to ease the financial strain.

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SOCIAL SECURITY AMENDMENTS OF 1967

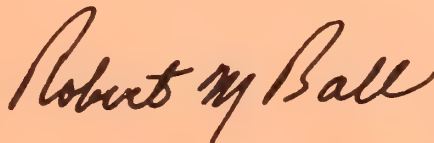
To administrative, Supervisory,
and Technical Employees

The House-Senate conference committee on H. R. 12080 has reconciled the differences between the bill as passed by the House of Representatives and as passed by the Senate. The bill now returns to both houses, where early passage is expected.

The bill will result in additional cash benefit payments of \$2.9 billion in 1968 and \$3.7 billion in 1969--an overall increase of 16 percent in 1969, the first full calendar year of operation under the amendments. All people on the benefit rolls will get an increase of at least 13 percent. The minimum primary insurance amount would be increased from \$44 to \$55. The benefit increases will be effective for February and will be included in the March check.

Several of the President's social security proposals are not included in the bill. Among these are the proposals for health insurance for the disabled, a special minimum benefit, and transfer of Federal employment credits.

Enclosed is a summary of the provisions of the bill relating to social security.



Robert M. Ball
Commissioner

Enclosure

SUMMARY OF PROVISIONS
OF
H.R. 12080
THE "SOCIAL SECURITY AMENDMENTS OF 1967"
RELATING TO
OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

12/9/67

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SUMMARY OF PROVISIONS OF H.R. 12080,
THE "SOCIAL SECURITY AMENDMENTS OF 1967,"
RELATING TO
OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

A. CASH BENEFIT CHANGES

1. General benefit increase

The bill provides for an increase in benefit payments averaging 14 percent, with an across-the-board increase in cash benefits of at least 13 percent and a minimum primary insurance amount of \$55.

The average monthly benefit paid to a retired worker (with no dependents) now on the rolls is increased from \$82 to \$94; the comparable amounts for a retired worker and his wife are \$145 and \$165. Monthly benefits range from the new minimum of \$55 to \$160.50 for retired workers now on the social security rolls who began to draw benefits at age 65 or later.

An increase from \$6600 to \$7800, effective January 1, 1968, is provided in the amount of annual earnings that is taxable and that can be used in the benefit computation. The resulting ultimate maximum benefit will be \$218, based on average monthly earnings of \$650. These higher maximum retirement benefits will be payable to workers who are now young and who consequently will be paying contributions on these higher amounts of earnings over a considerable period of time before they retire. Because of the higher earnings base, though, benefit amounts are increased significantly over those that will be payable under present law for the high proportion of current contributors earning above \$6600 who are much older now and who consequently will pay on these higher amounts for a shorter period. For example, a man age 50 in 1968 who earns \$7800 a year until he is 65 (about one-third of the group earning above \$6600 is age 50 or older) will get a benefit of \$188.80 at age 65--21.8 percent higher than he can get under present law.

The increased benefits will be first payable for February 1968. An estimated 22.9 million people will be paid increased benefits early in March 1968, and over \$3 billion in additional benefits will be paid in the first 12 months as a result of the benefit increase.

2. Increases in special payments to certain people age 72 and older

The special payments made to people age 72 and older are increased by the bill from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple, effective with benefits for February 1968.

About 70,000 people who do not now get the special payments will qualify for some payments in February 1968 and about 852,000 people will qualify for higher payments.

An estimated \$57 million in additional payments will be paid out in the first 12 months; about \$50 million of this amount will be met from general revenues.

3. Limitation on spouse's benefit

The bill limits the amount of the wife's, dependent husband's, remarried widow's, or remarried widower's insurance benefit to a maximum of \$105. This limitation does not affect anyone now on the rolls. For workers retiring at age 65 the limitation will have no effect until the year 2001; for a young worker who becomes disabled it can have an effect beginning with 1970, and for a person who works beyond age 65 it can have an effect beginning with 1972.

4. Liberalization of the retirement test

The bill increases the annual exempt amount of earnings from \$1500 under present law to \$1680, and the present \$125 monthly exempt amount to \$140, effective for taxable years ending in and after 1968. The bill retains the \$1200 span above the exempt amount over which \$1 in benefits is withheld for each \$2 of earnings; the span thus will range from \$1680 to \$2880.

About \$175 million will be paid out in additional benefits with respect to calendar year 1968 to 760,000 people in calendar year 1968.

5. Amendments to the disability program

a. Benefits for disabled widows and widowers

Disabled widows (including surviving divorced wives) and disabled dependent widowers will be eligible after attainment of age 50 for reduced benefits--amounting to from 50 percent to 82 1/2 percent of the spouse's primary insurance amount, depending on the age at which entitlement begins. For example, if a disabled widow becomes initially entitled at age 50 she will receive 50 percent of her deceased husband's benefit; if she first becomes entitled at age 55 she will receive 60 3/4 percent of his benefit; and if she first becomes entitled at age 60 she will receive 71 1/2 percent of his benefit. The widow or widower must have become totally disabled before or within 7 years after the spouse's death, or, in the case of a widowed mother, before or within 7 years after the end of her entitlement to benefits as a mother. The 7-year period will protect widows and widowers until there has been reasonable opportunity to work long enough to be insured for disability benefits through their own earnings.

The test of disability for disabled widows and widowers is somewhat more restrictive than for disabled workers (and childhood disability beneficiaries). Determinations of disability in the case of a widow or widower will be made solely on the level of severity of the impairment (without regard to such factors as age, education and work experience, which are considered in disabled worker cases). The disabling impairment must be of a level of severity which under regulations prescribed by the Secretary is deemed to be sufficient to preclude an individual from engaging in any gainful activity (as distinguished from "substantial gainful activity"). Where the impairment meets or equals this level of severity, work or earnings will preclude initial entitlement to benefits or require termination of previously established entitlement only where such work or earnings demonstrate ability to engage in any substantial gainful activity.

Benefits are first payable under this provision for the month of February 1968. About 65,000 disabled widows and widowers are eligible for benefits. About \$60 million in benefits will be paid during the first 12 months of operations.

b. Insured status for workers disabled while young

The bill extends to all workers disabled before age 31--regardless of the nature of their disability--the alternative insured-status requirement provided under previous law for workers disabled by blindness before age 31. Under this alternative, any worker disabled after attaining age 24 and before age 31 will be insured for disability benefits if he has quarters of coverage in at least half of the calendar quarters elapsing after attainment of age 21 and up to and including the quarter of disablement; any worker disabled before age 24 will be insured if he has quarters of coverage in at least half of the 12 quarters ending with the quarter of disablement.

Benefits are first payable for the month of February 1968. About 100,000 people--disabled workers and their dependents--are eligible. About \$70 million in additional benefits will be paid out in the first 12 months of operations.

c. Liberalized definition of blindness

The bill will substitute for disability freeze purposes the less strict definition of blindness used in the Internal Revenue Code (central visual acuity of 20/200 or less, commonly called "industrial blindness") for the present statutory definition of blindness (central visual acuity of 5/200 or less). This definition of blindness will also apply for benefit purposes in the case of the blind worker who is aged 55 or over and who can meet

the alternative (occupational-type) definition of disability. The worker under age 55 who is industrially blind and able to establish disability for freeze purposes on this basis will still have to meet the regular definition of disability--inability to engage in any substantial gainful activity--for benefit purposes. (The bill does not provide a special disability insured-status requirement solely for blind persons.)

d. Extension of retroactivity of disability applications

The bill provides a longer period of time (36 months as opposed to 12 months as now provided for all disability applications) after termination of disability for the filing of a disability freeze application by an individual whose mental or physical incapacity was the reason for his failure to file a timely application. Applications filed by or on behalf of such individuals within the extended period would not result in additional retroactive benefits but would permit the time during which the individual was disabled to be disregarded in subsequent determinations of whether they are insured for social security benefits or of the amount of such benefits.

e. Definition of disability

The bill retains the present definition of disability for workers and adults disabled since childhood and adds language that clarifies the definition. It specifies that to be found disabled an individual must have an impairment so severe that he is unable to engage in any kind of substantial gainful work that exists in the national economy, but without regard to whether a specific job vacancy exists for him, or whether he would be hired if he had applied for work. "Work that exists in the national economy" means work that exists in significant numbers either in the region in which he lives or in several regions in the country. The clarifying language may better enable the courts to interpret the law in accordance with the intent of the Congress. This more detailed definition of disability is consistent with existing regulation and policy. The effect of the amendment is to provide a statutory basis for these regulations and policies, thus helping to assure uniform evaluation of disability.

f. Disability benefits affected by the receipt of workmen's compensation

The bill amends the provisions which limit the amount of social security benefits that can be paid to a disabled worker and his family when he is also eligible for workmen's compensation. In some such cases, social security disability benefits are reduced by the amount by which the combined social security and workmen's compensation benefits exceed 80 percent of the disabled worker's average monthly earnings during his 5 consecutive years of highest covered earnings after 1950. Under previous law, this average did not reflect that part of his earnings in excess of the social security earnings base; thus, for a disabled worker whose actual

earnings in covered work during his highest 5-year period exceeded the earnings base, the reduction could result in combined benefits considerably less than 80 percent of his actual previous earnings. The amendment provides for inclusion of earnings in excess of the earnings base in computing the average earnings over the highest 5-year period for purposes of determining the amount of combined benefits that can be paid.

The amendment is effective with respect to benefits for the month of February 1968.

6. Simplification of certain computations using pre-1951 earnings

The bill provides for a simplified method of (a) computing benefits when earnings before 1951 are included in the computation and (b) determining quarters of coverage for the period before 1951 when quarters of coverage in this period are needed to establish insured status. By prescribing a formula for converting the aggregate of pre-1951 earnings into deemed annual earnings and quarters of coverage, the bill makes it possible to determine insured status and benefit amounts through electronic processes in many cases in which manual processes are now required.

This provision will be effective for people who, after enactment, become entitled to retirement or disability insurance benefits or die, or whose benefits are recomputed after enactment.

7. Extension of time for filing reports of earnings

Under the bill the Secretary is authorized to grant an extension of the time in which a person may file a report of earnings for retirement test purposes if there is a valid reason for his not filing it on time.

The provision will be effective upon enactment.

8. Penalties for failure to file timely reports of earnings and certain other events

Under present law, it is possible for a person who fails to report information that would cause benefits to be withheld to be penalized in amounts in excess of the benefits that must be withheld. The bill eliminates the possibility of this occurring in the future.

The provision will apply to penalties imposed on and after the date of enactment.

9. Dependency of a child on his mother

The bill provides that a child would be deemed dependent on his mother and could become entitled to benefits if at the time his mother died, or retired, or became disabled, she was either fully or currently insured. As a result, a child could get benefits based on his mother's earnings record under the same conditions as those under which a child can become entitled to benefits based on his father's earnings. Under present law, currently insured status (coverage in six out of the last 13 quarters ending with death, retirement or disability) is required unless the mother was actually supporting the child.

The provision is effective with benefits for February 1968. An estimated 175,000 children will become eligible for benefits for February under this provision and an estimated \$83 million will be payable in additional benefits in the first 12 months of operation under this provision.

10. Benefits for a child adopted by a surviving spouse

The bill provides that a child adopted by the surviving spouse of a worker may qualify for benefits on the worker's earnings record if adoption proceedings had begun before the worker died, even though the adoption is not completed within 2 years after the worker's death.

The provision will be effective for and after February 1968.

11. Benefits for a child adopted by a disabled worker

The bill provides that a child who was legally adopted by a worker after he became entitled to disability benefits may receive child's benefits if all the following conditions are met: (1) the adoption was supervised by a child-placement agency; (2) the adoption was decreed by a court of competent jurisdiction within the United States; (3) the adopting parent had continuously resided in the United States for at least one year prior to the date of adoption; and (4) the child was under age 18 at the time the adoption took place.

12. Requirements for husband's and widower's insurance benefits

The bill removes the provision in present law that a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

The provision is effective with benefits for February 1968. An estimated 5,000 people will become eligible for benefits for February

under this provision and an estimated \$3 million will be payable in additional benefits in the first 12 months of operation under this provision.

13. Definition of "widow," "widower," and "stepchild"

The bill provides that a widow, widower, or stepchild would be considered such for social security purposes (a) if the marriage had existed for 9 months, or (b) in case of death in line of duty in the uniformed service and in case of accidental death, if the marriage had existed for 3 months--except where the deceased individual could not have been reasonably expected to live for 9 months at the time the marriage occurred.

14. Underpayments

The amendments authorize the Secretary to settle claims for unpaid medical insurance benefits in cases where the beneficiary dies. Where the bill for covered services has not been paid, payment would be made only to the physician (or other provider of services) and only if the physician (or other provider) agrees to accept the reasonable charge for the services as his full charge. Where the bill has been paid, benefits would be paid first to the person who paid the bill. If the person who paid the bill is the decedent, the payment would be made to the legal representative of his estate, if there is one. Then the amendments provide the following uniform order of payment for both cash benefits and medical insurance benefits: (1) spouse living with the deceased individual at the time of his death or spouse not living with him but entitled to benefits on the same earnings record, (2) child entitled to benefits on the same earnings record, (3) parent entitled to benefits on the same earnings record, (4) spouse who was neither entitled to benefits on the same earnings record nor living with the deceased individual, (5) child not entitled to benefits on the same earnings record, (6) parent not entitled to benefits on the same earnings record, and (7) legal representative of the individual's estate, if any.

15. Recovery of overpayments

The bill provides that, where an overpaid person is alive, the overpaid benefits may be recovered by requiring the overpaid beneficiary to refund the overpayment or by withholding the benefits payable to him or to any other person entitled to benefits on the same earnings record. (Under present law this is specifically authorized only in death cases.) Also, any beneficiary who is liable for repayment of an overpayment, whether the overpayment was made to him or to another person, will be able to qualify for waiver of recovery of the overpaid amount if he is without fault and if he meets the other conditions prescribed in the law.

16. Benefits paid on the basis of erroneous reports of death in military service

The bill provides that benefits paid on the basis of erroneous official reports of death issued by the Department of Defense would be lawful payments for months before the reports are corrected.

17. Payments to certain children

The bill provides that benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits as a result of the change in the definition of "child" in the 1965 amendments will not be reduced in the future. Benefits for children who qualify only under the 1965 amendments (section 216(h)(3) of present law) and who become entitled to benefits for months after December 1967 would be residual--that is, that the benefits payable to such children could not exceed the difference between the sum of all other benefits being paid on the worker's earnings record and the maximum amount payable on that record.

18. Limitation on payment of benefits to aliens outside the United States

Under present law, an alien who is outside the United States for 6 consecutive months has his benefits withheld under certain conditions. The bill changes this provision so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days. As under present law, once the 6-month period has elapsed and benefits have been suspended, a person would have to return to the United States for a full calendar month in order for his benefits to be resumed.

The bill also provides that the 10-year-residence and 40-quarters-of-coverage exceptions to the alien nonpayment provisions will not apply after June 1968 to any alien who is a citizen of a country that has a social security system of general applicability under which benefits would not be paid to United States citizens who are living outside that country. (Payment will continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

Also, benefits will not be payable for any month after June 1968 to an alien living in a country where the Treasury ban on payments is in effect with respect to benefits for that month. Any amounts accumulated through June 1968 for aliens who are living in countries where payment cannot be made would be limited in amount to 12 months' benefits and would not be payable to anyone other than the person from whom they have been withheld or a survivor who is entitled to benefits on the same earnings record.

19. Expedited benefit payments

The bill provides a formal method of expediting payment of retirement and survivors insurance benefits on the basis of a written request. In cases involving entitlement to monthly benefits or the resumption of benefits that have been suspended, a written request may be filed after 90 days have elapsed from the date the claimant submitted the last of the evidence requested to show that a payment was due; in a case involving an initially unexplained interruption in benefit payments or the transition from one type of benefit to another (for example, from wife's to widow's benefits), a written request may be filed after 30 days have elapsed after the 15th of the month in which the benefit payment was due. If payments are due they would begin within 15 days after the date of the request.

The provision is effective July 1, 1968.

20. Advisory Councils on Social Security

Under the bill future Advisory Councils on Social Security will be appointed in 1969 and every fourth year thereafter (and after January of the year of appointment), instead of in 1968 and every fifth year thereafter as under present law. In addition, the Secretary will appoint the Chairman of the Council; under present law, the Commissioner of Social Security serves as Chairman. (The reports of the Ways and Means and Finance Committees noted that "the Commissioner of Social Security suggested that it might be desirable for the Chairman of the Council, like the Council members, to be a person from outside the Government.")

21. Disclosure of the whereabouts of certain individuals

Upon request, the Social Security Administration will be required to furnish to an appropriate court the most recent address of a deserting parent for the court's use in connection with a support and maintenance order for a deserted child.

22. Attorneys' fees

The bill authorizes the Secretary to certify payment to attorneys, out of a claimant's past-due benefits, of fees for attorneys' services rendered in administrative proceedings before the Secretary. The amount certified for payment will be the smaller of: (1) 25 percent of the total past-due benefits, (2) the amount of the attorney's fee as determined by the Secretary, or (3) the amount agreed upon between the claimant and the attorney. This provision is similar to the one in present law under which a court may authorize the Secretary to certify payment to an attorney, out of the claimant's past-due benefits, of the fee set by the court for the attorney's services rendered in court proceedings (which fee cannot exceed 25 percent of the claimant's total past-due benefits).

B. HEALTH INSURANCE CHANGES

1. Payment of physician bills under the supplementary medical insurance program

The bill permits medical insurance benefits (for physicians' services and other services reimbursable on a charge basis) to be paid to the beneficiary on the basis of an itemized bill (whether or not it is receipted) rather than on the basis of a receipted bill as under present law; the present assignment method is retained.

This provision applies to any claim upon which final action has not been taken before enactment.

2. Time limit on filing supplementary medical insurance claims

The bill establishes a time limit on the period within which payment may be requested under the medical insurance program with respect to services reimbursable on a charge basis. Claims for the services in question will, in general, have to be filed no later than the end of the calendar year following the year in which the services are furnished, except that the time limit on filing with respect to services furnished in the last 3 months of the year will be the same as if the services had been furnished in the subsequent year. A further exception is that the time limitation on filing claims for services received during July, August, and September of 1966 will not expire until March 31, 1968.

3. Additional days of hospital care

The bill provides that each medicare beneficiary will have a lifetime reserve of 60 days of added coverage of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 per day will be applicable to these added days of coverage.

This provision applies with respect to services furnished after December 31, 1967.

4. Inclusion of podiatrists' services

The bill covers the nonroutine services of doctors of podiatry or surgical chiropody under the medical insurance program. In addition, the bill excludes routine foot care from coverage whether performed by a podiatrist or a medical doctor.

This provision applies to services furnished after December 31, 1967.

5. Payment for services in nonparticipating hospitals

The bill provides payments for inpatient services (whether or not emergency services) furnished to beneficiaries admitted before January 1, 1968, to nonparticipating hospitals that meet the new definition of "emergency hospital" described below. The payments will be made directly to the individual, and, subject to the \$40 deductible and other statutory payment limitations in present law, they will be equal to 60 percent of the room and board charges plus 80 percent of the ancillary charges. If the hospital formally participates in medicare before 1969 and if it applies its utilization review plan to the services in question, payment can be made for up to the full 90 days of coverage in the spell of illness. Otherwise, payment will be limited to 20 days of coverage.

A similar provision relating only to emergency services applies to admissions taking place on or after January 1, 1968. Under the new provisions, nonparticipating hospitals may continue to apply for payment for emergency services on a reasonable-cost basis, but only if they agree to bill the program for all such services furnished during the year. If the hospital does not choose to bill for emergency services, the patient may receive payment direct from the program on the percentage-of-charges basis described above.

The bill modifies the definition of hospitals eligible to furnish covered emergency services. Under it, an "emergency hospital" means a licensed institution which is primarily engaged in providing medical care under the supervision of a doctor and which has full-time nursing. The new, less restrictive, definition applies retroactively to July 1, 1966, so that some hospitals which are ineligible under present law to receive payment for emergency services may receive such payments on behalf of beneficiaries back to the beginning of the program provided they apply for such payments. If the hospital does not apply for reimbursement, the patient may be paid directly under the new percentage-of-charges payment provisions.

6. Payment under the supplementary medical insurance program for noncovered hospital ancillary services

The bill permits payment under the supplementary medical insurance program for certain ancillary hospital and extended care facility services, principally X-ray and laboratory services, for which no payment may be made under the hospital insurance program--where, for example, the patient has exhausted his eligibility under that program or where an extended care facility patient has not satisfied the prior-hospitalization requirement.

This provision applies to services furnished after March 31, 1968.

7. Eye refractions

The bill adds to the present exclusion from medicare coverage of expenses incurred for routine checkups, or for eyeglasses or eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, a specific exclusion of expenses for procedures performed (during the course of any eye examination regardless of by whom performed) to determine the refractive state of the eyes.

This provision will be effective upon enactment.

8. Payment for purchase of durable medical equipment

The bill permits payment to be made for durable medical equipment that has been purchased by the individual. Except for inexpensive items, payment will be made periodically in the same amount as if the equipment were rented, for the period the equipment was needed; no more than the purchase price of the equipment can be covered.

This provision applies to items purchased after December 31, 1967.

9. Payment for outpatient physical therapy services

The bill covers under the supplementary medical insurance program outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services and approved clinics, rehabilitation centers, and public health agencies. The patient will not have to be homebound for the physical therapy services to be covered.

This provision applies to services furnished after June 30, 1968.

10. Physician certification

The bill eliminates the physician certification requirement for hospital outpatient services and admissions to general hospitals.

This provision is effective upon enactment.

11. Simplification of reimbursement to hospitals for certain services

The bill (1) provides that the full reasonable charges (no deductible or coinsurance) will be paid under the supplementary medical insurance program for covered radiology and pathology services furnished by physicians to hospital inpatients; (2) consolidates all coverage of outpatient hospital services under the supplementary medical insurance

program by transferring coverage of outpatient hospital diagnostic services from the hospital insurance program to the supplementary medical insurance program; and (3) authorizes hospitals to bill medicare patients directly for small outpatient charges (subject to final settlement in accordance with present cost-reimbursement provisions).

These provisions apply to services furnished after March 31, 1968.

12. Supplementary medical insurance enrollment periods

Under the bill, the general enrollment periods of the supplementary medical insurance program are placed on an annual, rather than biennial, basis and, beginning in 1969, run from January 1 through March 31, rather than from October 1 through December 31 as under present law. The Secretary will determine and promulgate during December of each year the premium rate which will be applicable for a 12-month period to begin the following July 1. When the Secretary promulgates a rate change for part B, he will also be required to issue a public statement setting forth the actuarial assumptions and other bases upon which he arrived at the new rate. Persons wishing to disenroll may do so at any time, but such disenrollment will not take effect until the close of the calendar quarter following the quarter in which the notice of disenrollment is filed.

13. Incentive reimbursement experimentation

The bill authorizes the Secretary to experiment with various methods of reimbursement to organizations and physicians under medicare, medicaid, and the child health programs which would provide incentives for limiting costs of the programs while maintaining quality care. The experiments would involve only those physicians and organizations that volunteer to participate in such experiments. No experiments will be initiated until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the possibilities of securing productive results.

This provision is effective upon enactment.

14. Enrollment under the supplementary medical insurance program on the basis of an alleged date of attainment of age 65

The bill provides that a person who has attained age 65 but who failed to enroll in the supplementary medical insurance plan during his "initial enrollment period" because he was mistaken about his correct age may, provided his mistake resulted from his reliance on documentary

evidence which proved to be incorrect, enroll using the date of attainment of age 65 shown on the erroneous documentary evidence as a basis for his enrollment.

This provision will be effective beginning February 1968.

15. Transitional provision on eligibility of presently uninsured individuals for hospital insurance benefits

Under the bill the requirements for entitlement to hospital insurance protection after 1967 are increased more gradually than they are under present law. Under the bill, the minimum number of quarters of coverage required for hospital insurance protection is reduced from the present 6 quarters of coverage to 3 quarters for persons who attain age 65 in 1968, and who are not insured for social security or railroad retirement cash benefits. Comparable reductions are made in the number of quarters of coverage that present law requires in the case of people who attain age 65 in subsequent years.

16. Payment for portable X-ray services

The bill permits payment under the supplementary medical insurance program for diagnostic X-ray services furnished in a patient's home or in a nursing home if the services are provided under the general supervision of a physician and if the performance of the tests meets health and safety regulations.

This provision applies to services furnished after December 31, 1967.

17. Blood deductibles

The bill broadens the definition of "blood" to include packed red blood cells as well as whole blood and extends the application of the 3-pint deductible provisions to the supplementary medical insurance program as well as to the hospital insurance program. Replacement of blood will be on a pint-for-pint basis, as under present law.

This provision applies to payments for blood furnished an individual after December 31, 1967.

18. Limitation on special reduction in allowable days of inpatient hospital services

The bill modifies the provision of present law under which days in a psychiatric or tuberculosis hospital immediately before entitlement to hospital insurance are counted against the days of coverage a person would otherwise have in his first spell of illness. The bill

(1) removes tuberculosis hospitals from the application of the provision, so that a person's entitlement to hospital insurance benefits will be the same if he received hospital services in a tuberculosis hospital as it would be if he received services in a general hospital and (2) makes the provision inapplicable to benefits for services in a general hospital if the services are not primarily for the diagnosis or treatment of mental illness.

This provision applies to payments for services furnished after December 31, 1967.

19. Refunds of certain overpayments by employees of hospital insurance tax

The bill authorizes refunds to workers of hospital insurance taxes paid on amounts in excess of the maximum earnings base (\$7,800 in 1968 under the bill) where the worker has paid both social security and railroad retirement taxes.

This provision will apply to wages paid after December 31, 1967, and to self-employment income for taxable years ending on or after December 31, 1968.

20. Health Insurance Benefits Advisory Council

The bill transfers the duties previously assigned to the National Medical Review Committee (never established) to the Health Insurance Benefits Advisory Council and increases the membership of the Health Insurance Benefits Advisory Council from 16 to 19 persons.

This provision will be effective upon enactment of the bill.

21. Reimbursement for civil service retirement annuitants for premium payments under the supplementary medical insurance program

The bill provides that Federal employee health benefit plans will be permitted to reimburse civil service retirement annuitants who are members of group health plans for the premium payments they make to the supplementary medical insurance program under certain conditions.

This provision will be effective upon enactment.

22. Appropriation to supplementary medical insurance trust fund

The bill provides that, after June 30, 1967, whenever the transfer of general revenue funds to the supplementary medical insurance trust fund is not made at the time the enrollee contribution is made, the general

fund of the Treasury will pay, in addition to the Government share, an amount equal to the interest that would have been paid had the transfer been made on time. Also, the contingency reserve now provided for 1966 and 1967 is made available through 1969.

23. Use of State agencies to assist health facilities to participate in the various health programs under the Social Security Act

The bill authorizes 75-percent Federal matching for the cost of services which State health agencies perform in helping health facilities to qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to improve their fiscal records for payment purposes. The bill repeals the medicare provision under which such services are financed on a 100-percent basis from the Federal Hospital Insurance Trust Fund.

This provision will be effective July 1, 1969.

24. Coordination of title XIX and the supplementary medical insurance program

The bill permits States to "buy-in" for supplementary medical insurance for all of their aged who are eligible for medical assistance. Under present law they may do so only for aged persons receiving cash assistance. Also, the January 1, 1968, deadline for entering into an agreement with the Secretary for buying-in is extended to January 1, 1970, and the States are permitted to cover under the agreement persons who become eligible for assistance after that date. The bill further provides that Federal matching payments will not be made for services furnished to individuals not enrolled in the supplementary medical insurance program if the services would have been covered had such individuals been enrolled in the program.

C. COVERAGE CHANGES

1. Coverage of clergymen

The services that a clergyman, Christian Science practitioner, or member of a religious order who has not taken a vow of poverty performs in the exercise of his profession will be covered automatically unless, within specified time limits, he submits a statement that he is opposed to having his professional services covered under social security or other public insurance on grounds of religious principle or conscience. Coverage will be under the self-employment provisions, as in the case of clergymen, Christian Science practitioners, and members of religious orders who have elected coverage under previous law. Members of religious orders who have taken a vow of poverty will continue to be excluded as under previous law. Clergymen who elected coverage under previous law will continue to be covered.

The provision is effective for taxable years ending after December 31, 1967. The change will afford social security protection to most of the 60,000 full-time clergymen (and their families) who have not elected coverage, and will increase protection for many others who work part time in the ministry.

2. Additional wage credits for servicemen

The covered earnings of a person on active duty in the uniformed services (including active duty for training) will be deemed to be \$300 more than his basic pay in a calendar quarter, except that the deemed additional covered earnings will be \$100 when his basic pay in a calendar quarter is \$100 or less, and \$200 when his basic pay in a quarter is over \$100 but is not over \$200. The deemed additional covered earnings are intended to take into account that the regular contributory social security coverage of a serviceman reflects only his basic pay and does not include certain cash increments or the substantial value of payments in kind which are generally counted as wages in other covered employment.

The provision will apply to service pay that is paid after December 31, 1967. The social security trust funds will be reimbursed from general revenues for the additional cost of paying the benefits resulting from this provision.

3. Retirement income of retired partners

Certain partnership income of retired partners will no longer be taxed or credited for social security purposes. The provision specifies certain conditions that must be met to assure that the income is in fact retirement income.

The provision is effective with taxable years ending on or after December 31, 1967.

4. Additional time for members of religious sects to apply for exemption from social security tax

The time for filing for exemption from the social security self-employment tax by members of religious sects (mainly, the Old Order Amish) conscientiously objecting to insurance is extended. Those who had self-employment income for taxable years ending before December 31, 1967, have until December 31, 1968, to file for exemption. (Under previous law, the deadline for filing was April 15, 1966, for taxable years ending before December 31, 1965.) For those who first receive self-employment income in a taxable year ending on or after December 31, 1967, the application will be timely if filed by the due date for the income tax return for the year in question. In these latter cases, an application will be valid if filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.

5. Family employment

Coverage is extended to domestic employment performed in an employer-employee relationship by a parent for his son or daughter in circumstances in which it may be assumed that there is a need for the parent to perform the work. The employment will be covered in a calendar quarter if the employer has in his home a son or daughter who is under age 18 or has a physical or mental condition that requires the personal care of an adult for at least 4 continuous weeks in the quarter, and the employer either is widowed or divorced, and has not remarried, or has a spouse in the home who is incapable of caring for the employer's son or daughter for at least 4 continuous weeks in the quarter.

The provision is effective after December 1967.

6. Exclusion from wages of certain payments under employer-established plans

The bill excludes from the definition of wages, for social security credit and tax purposes, payments made to an employee or any of his dependents if (a) the payments are made pursuant to an employer plan; (b) the payments begin upon or after the termination of the employee's employment relationship; and (c) the termination was because of death, retirement for disability, or retirement at an age specified in a plan of the employer. The exclusion will not apply to any payment which would have been made even if the employment relationship had not been terminated, or to any payment made upon or after termination of employment, if such termination is for any reason other than death, or retirement because of age or disability.

The provision is effective with respect to payments made after enactment.

7. State and local governmental employees

a. Coverage of employees ineligible for membership in a retirement system

Social security coverage will be facilitated for employees who are in positions under a State or local retirement system but are not eligible to become members of the system. Under previous law, these employees could not be covered under social security by means of the "divided retirement system" provision, which permits specified States to cover only those current members of a retirement system who desire coverage. It will now be possible for these ineligible workers to be covered when the divided retirement system procedure is used to extend coverage to a retirement system group.

The provision is effective on enactment.

b. Election officials and election workers

A State will be permitted to exclude from social security coverage future services performed by officials and election workers who are paid less than \$50 in a calendar quarter for such services. The exclusion can be taken for the election officials and workers of the State or any of its political subdivisions either at the time coverage is extended to employees of the State or the subdivision or at a later date. Under previous law, these services could be excluded only at the time coverage was extended to the employees of the State or the subdivision.

The new provision permits a State to modify its agreement on or after January 1, 1968, to exclude these services prospectively.

c. Exclusion of emergency services

Services performed for a State or local government by workers hired on a temporary basis in emergencies such as a fire, storm, flood, or earthquake, now excludable at the option of the State, will be mandatorily excluded from coverage.

The provision is effective with respect to services performed on or after January 1, 1968.

d. Divided retirement system provision -- Illinois

Illinois is added to the list of States which are permitted to extend social security coverage to those current members of a State or local retirement system who desire coverage, with all future employees being compulsorily covered.

The amendment is effective on enactment.

e. Employees compensated by fees

The bill modifies the social security coverage provisions applying to State and local government employees who are compensated solely on a fee basis (such as constables and justices of the peace) to cover a larger number of such employees. Under present law, fee-basis employees, like other State and local government employees, can be covered only under a State coverage agreement. Under the new provisions, in the case of employees who are compensated solely on a fee basis, fees received after 1967 which are not covered under a State agreement are compulsorily covered under the self-employment provisions of law, except that people in fee-basis positions in 1968 may elect not to have their fees covered under the self-employment provisions. A State will be permitted, as under previous law, to modify its coverage agreement to provide coverage for fee-basis employees as employees. However, unlike previous law, a State may remove from coverage under its agreement persons who are compensated solely on a fee basis.

The provision is effective with respect to fees received after December 31, 1967.

f. Further opportunity to elect coverage under divided retirement system provision

An additional opportunity is given, through 1969, for election of social security coverage by employees of States and localities who did not elect coverage when they previously had the opportunity to do so under the provision permitting specified States to cover only those current members of a retirement system who desire coverage.

The amendment is effective on enactment.

g. Coverage for erroneously reported former employees

A State will be permitted, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to provide retroactive coverage for former employees of the coverage group whose earnings had been erroneously reported for them, if no refund has been made of the taxes paid on the erroneously reported earnings.

The provision is effective on enactment.

h. Policemen and firemen

Puerto Rico is added to the list of States which may provide coverage under social security for policemen and firemen who are covered under a State or local retirement system.

The provision is effective on enactment.

i. Firemen in Nebraska

Erroneous earnings reports for certain Nebraska firemen are validated for those past periods for which social security contributions were erroneously paid, without refund.

The provision is effective on enactment.

j. Coverage of firemen

It will be possible to extend social security coverage under specified conditions to firemen under a State or local retirement system in States not specifically listed, under the provisions of the Social Security Act, as States which may cover such policemen and firemen. Such coverage may be extended only by means of the referendum provisions, and only if the Governor of the State certifies that the overall benefit protection of the group of firemen which would be brought under social security coverage would be improved by reason of the extension of social security coverage to the group. Only firemen may vote in the referendum.

The provision is effective on enactment.

k. Employees of the Massachusetts Turnpike Authority

The State of Massachusetts will be permitted to remove from future social security coverage employees of the Massachusetts Turnpike Authority. If the employees of the Turnpike Authority are removed from coverage under this provision they cannot again be covered. The Turnpike Authority employees have been under social security longer than the 7-year period which is required before there can be termination, but the 2-year notice of intent to terminate had not been filed.

The provision is effective on enactment.

D. FINANCING CHANGES

The favorable actuarial balance of 0.74 percent of payroll that the program has is sufficient to finance a substantial part of the cost of the cash benefit provisions in the bill. The remaining cost of the cash benefit provisions and the cost of the health insurance provisions would be financed by: (1) an increase in the contribution and benefit base from \$6600 to \$7800 (effective January 1, 1968), and (2) revised contribution rate schedules for the cash benefits and hospital insurance parts of the program. There would be no increase in the total contribution rate for 1968. The ultimate contribution rate for cash benefits would be increased from 4.85 percent to 5.0 percent beginning in 1973 and the ultimate rate for hospital insurance would be increased from 0.80 percent to 0.90 percent beginning in 1987.

The contribution rate schedule under present law and under the bill are as follows:

Period	OASDI		HI		Total	
	Present		Present		Present	
	Law	Bill	Law	Bill	Law	Bill
Employer-Employee, Each						
1968	3.9%	3.8%	0.5%	0.6%	4.4%	4.4%
1969-70	4.4	4.2	0.5	0.6	4.9	4.8
1971-72	4.4	4.6	0.5	0.6	4.9	5.2
1973-75	4.85	5.0	0.55	0.65	5.4	5.65
1976-79	4.85	5.0	0.6	0.7	5.45	5.7
1980-86	4.85	5.0	0.7	0.8	5.55	5.8
1987 and after	4.85	5.0	0.8	0.9	5.65	5.9
Self-Employed						
1968	5.9%	5.8%	0.5%	0.6%	6.4%	6.4%
1969-70	6.6	6.3	0.5	0.6	7.1	6.9
1971-72	6.6	6.9	0.5	0.6	7.1	7.5
1973-75	7.0	7.0	0.55	0.65	7.55	7.65
1976-79	7.0	7.0	0.6	0.7	7.6	7.7
1980-86	7.0	7.0	0.7	0.8	7.7	7.8
1987 and after	7.0	7.0	0.8	0.9	7.8	7.9

Disability Insurance Trust Fund

The bill will increase the percentage of taxable wages appropriated to the disability insurance trust fund (now 0.70 of 1 percent) to 0.95 of 1 percent, and would increase the percentage of self-employment income so appropriated (now 0.525 of 1 percent) to 0.7125 of 1 percent.

Reports of Boards of Trustees

Under the bill the date on which the annual report of the trustees of the social security trust funds is due is changed from March 1 to April 1. The report on the old-age and survivors insurance trust fund must contain a separate actuarial analysis of the benefit disbursements made from that trust fund with respect to disabled beneficiaries.

E. SPECIAL STUDIES

1. Advisory council study of health insurance for the disabled

The bill establishes an advisory council, to be appointed in 1968, to study the question of providing health insurance protection for the disabled under title XVIII, and to report its findings, together with its recommendations on how such protection should be financed, to the Secretary not later than January 1, 1969.

2. Study of retirement test and drug proposals

The bill requires the Secretary to study (a) the existing retirement test and proposals for its modification (including proposals for an increase in retirement benefits on account of delayed retirement), and (b) proposals to establish quality and cost standards for drugs for which payments are made under the Social Security Act and to cover drugs under the supplementary medical insurance program. The Secretary is required to report his findings and recommendations to the President and the Congress by January 1, 1969.

3. Study of coverage of services of health practitioners

The bill requires the Secretary to study the need for the extension of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services and to make recommendations to the Congress prior to January 1, 1969.

90th Congress }
1st Session }

COMMITTEE PRINT

SUMMARY OF
SOCIAL SECURITY AMENDMENTS OF 1967

JOINT PUBLICATION
COMMITTEE ON FINANCE
OF THE
U.S. SENATE
AND
COMMITTEE ON WAYS AND MEANS
OF THE
U.S. HOUSE OF REPRESENTATIVES



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SUMMARY OF SOCIAL SECURITY AMENDMENTS OF 1967

OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE PROGRAMS

Old-Age, Survivors, and Disability Insurance

Increase in Social Security Benefits

The amendments provide an increase in benefit payments of 13 percent for all beneficiaries on the social security rolls. The average monthly benefit paid to a retired worker with an eligible wife now on the rolls is increased from \$145 to \$165. The minimum benefit for a worker retiring at age 65 is increased from \$44 to \$55 a month. Monthly benefits will range from \$55 to \$160.50, for retired workers now on social security rolls who began to draw benefits at age 65 or later.

The amount of earnings subject to tax and used in the computation of benefits is increased from \$6,600 to \$7,800 in 1968.

The \$168 maximum benefit (based on average monthly earnings of \$550—or \$6,600 per year) eventually payable under present law would be increased to \$189.90. The increase in the amount of earnings that can be used in the benefit computation would result in a maximum benefit of \$218 (based on average monthly earnings of \$650—\$7,800 a year) in the future. The maximum benefits payable to a family on a single earnings record is \$434.40. To qualify for the maximum retirement benefits just outlined, a wage earner who retires at age 65 in the future must have earned the maximum under the new earnings bases for a number of years.

Effective date.—The increased benefits are first payable for the month of February 1968 and will be reflected in checks received early in March. It is estimated that 22.9 million people are paid increased benefits. More than \$3 billion in additional benefits will be paid in the first 12 months.

Special Benefits for People Age 72 and Over

The special payments made to uninsured individuals aged 72 and over are increased from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple.

Effective date.—The increased benefits will be first payable for February 1968 and will be reflected in checks received in March 1968.

Limitation on Wife's Benefit

The amendments limit the wife's benefit to a maximum of \$105 a month. The effect of this provision will not generally be felt until many years into the future.

The Retirement Test

The amendments provide for an increase from \$1,500 to \$1,680 in the amount of annual earnings a beneficiary under age 72 can have without having any benefits withheld. Provision is made for an increase from \$125 to \$140 in the amount of monthly earnings a person can have and still get a benefit for the month. The bill provides that \$1 in benefits be withheld for each \$2 of earnings between \$1,680 and \$2,880 and \$1 in benefits for each \$1 in earnings above \$2,880.

Effective date.—The provision is effective for earnings in 1968. It is estimated that about 175 million in additional benefits would be paid for 1968 to 76,000 people.

Benefits for Disabled Widows and Widowers

The amendments provide for the payment of monthly benefits to certain disabled widows and widowers of deceased workers who are between the ages of 50 and 62. If a disabled widow or widower first receives benefits at age 50, then the benefit would be 50 percent of the primary insurance amount. The amount payable would increase up to 82½ percent of the primary insurance amount, depending on the age at which benefits began. The reduction would continue to apply to benefits which were paid after the recipient reached age 62.

A widow or widower would be deemed disabled only if the disability is one that, under regulations prescribed by the Secretary of Health, Education, and Welfare, would preclude any gainful activity.

To be eligible for the benefits, the widow or widower must have become totally disabled not later than 7 years after the spouse's death, or in the case of a widowed mother, before the end of her benefits as a mother or within 7 years thereafter.

Effective date.—About 65,000 disabled widows and widowers could be eligible for benefits and about 60 million in benefits would be paid during the first 12 months of operation. Benefits would be payable starting for February 1968.

Dependency of a Child on the Mother

The amendments provide that a child will be considered dependent on the mother under the same conditions that he is now considered dependent on the father. As a result, a child could be entitled to benefits if the mother was either fully or currently insured at the time she died, retired, or became disabled. Under present law a mother must have currently insured status (six out of the last 13 quarters ending with death, retirement, or disability) unless she was actually supporting the child.

Effective date.—Benefits will be payable beginning for February 1968. It is estimated that 175,000 children will be eligible for benefits and that \$83 million in additional benefits will be payable in the first 12 months.

Insured Status for Workers Disabled While Young

The amendments will allow a worker who becomes disabled before the age of 31 to qualify for disability insurance if he worked in one-half of the quarters between the time he is 21 and the time he is disabled, or alternatively if he works in six quarters out of the last 12. This

requirement would be an alternative to the present requirement that the worker must have had a total of 5 years out of the last 10 years in covered employment.

Effective date.—Benefits would be payable for February 1968 on the basis of applications filed in or after December 1967.

Additional Wage Credits for Servicemen

For social security benefit purposes, the amendments will provide that in the future the pay of a person in the uniformed service would be deemed to be \$100 a month more than his basic pay. The additional cost of paying the benefits resulting from this provision would be paid out of general revenues.

Disability Insurance Trust Fund

The amendments increase the percentage of taxable wages appropriated to the disability insurance trust fund (now at 0.70 of 1 percent) to 0.95 of 1 percent and would increase the percentage of self-employment income (now at 0.525 of 1 percent) to 0.7125 of 1 percent.

Extension of Retroactivity of Disability Applications

The amendments allow a longer period of time after termination of disability for the filing of a disability freeze application by an individual whose mental or physical disability interfered with his filing a timely application. This would enable workers who are totally disabled over an extended period but fail to file timely applications to nevertheless have the period of disability frozen, and thus not counted against them in subsequent determinations as to whether they are insured for social security benefits or the amount of such benefits.

The provision, however, does not apply to monthly disability benefits.

Children Adopted by Disability Beneficiaries

The amendments provide that a child adopted by a person who is getting disability benefits can become entitled to benefits if (a) the adoption takes place in the United States, (b) it was under the supervision of a public or private child-placement agency, (c) the disabled individual had resided in the United States for the year prior to the adoption, and (d) the child is under 18 at the time of adoption.

Effective date.—The provision is effective for benefits for February 1968 based on applications filed in and after December 1967.

Coverage of Ministers

The amendments permit a clergyman (other than members of religious orders who have taken a vow of poverty) to elect not to be covered if he is conscientiously opposed to social security coverage, or if he opposes such coverage on grounds of religious principle.

Coverage of State and Local Employees Ineligible for Membership in a State Retirement System

The amendments facilitate social security coverage for workers in positions under a State or local government retirement system who

are not eligible to join the system. Under present law, these workers cannot be covered under social security in connection with the procedure for extending coverage to members of a retirement system by means of the provision permitting specified States to cover only those members of a retirement system who desire coverage. The amendments would permit these workers to be covered under this procedure.

State and Local Coverage in Illinois

The amendments add Illinois to the list of States (19 under present law) which are permitted to extend social security coverage to those current members of a State or local retirement system who desire coverage, with all future employees being compulsorily covered.

Firemen in Puerto Rico

The amendments add Puerto Rico to the list of States which may provide social security coverage for policemen and firemen.

Firemen in Nebraska

The amendments validate social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.

Coverage of Firemen

The amendments provide that social security coverage can be extended to firemen in States not specifically granted that right if the Governor of the State certifies that the total benefit protection of firemen would be improved as a result. However, the divided retirement system could not be used and the firemen would have to be brought into coverage as a separate group and not as part of a group which includes persons other than firemen.

Coverage for Erroneously Reported Former State or Local Government Employees

The amendments permit a State, when it provides retroactive coverage for a coverage group under a modification of the State's agreement, to provide retroactive coverage for former employees of the coverage group with respect to earnings that previously had been erroneously reported for them for quarters in the retroactive period, if no refund has been made of the taxes paid on the erroneously reported earnings.

State and Local Employees Receiving Fees

The amendments modify the social security coverage provisions applying to State and local government employees who are compensated solely on a fee basis (such as constables and justices of the peace). Under present law, fee-basis employees, like other State and local government employees, may be covered only under a State coverage agreement. Under the amendments, in the case of employees who are compensated solely on a fee basis, fees received after 1967 which are not covered under a State agreement would be covered under the self-employment provisions of law, except that people in fee-basis positions in 1968 could elect not to have their fees covered under the

self-employment provisions. Under the amendments a State could, as under present law, modify its coverage agreement to provide coverage for fee-basis employees as employees. However, unlike present law, the amendments permit States to remove from coverage under its agreement persons who are compensated solely on a fee basis.

Family Employment

The amendments extend social security coverage to employment performed in the private home of the employer by a parent in the employ of his son or daughter. The employment would be covered if the son or daughter is (a) a widow or widower with a child under age 18 or a disabled child or (b) a person with such a child who either is divorced or has a disabled spouse. The amendments would continue to exclude from coverage employment performed in a private home by a parent when these conditions are not met, employment of a child under age 21 by his parent, and employment of a husband or wife by the spouse.

Employees of the Massachusetts Turnpike Authority

The amendments permit the State of Massachusetts to modify its agreement for social security coverage so as to exclude employees of the Massachusetts Turnpike Authority who are in positions being brought into a new State retirement system.

Children Adopted by Surviving Spouse

The amendments permit a child adopted by a surviving spouse to get benefits even though the adoption is not completed within 2 years after the worker's death, if adoption proceedings had begun before the worker died.

Effective date.—The provision would be effective for monthly benefits for February 1968 based on applications filed in and after December 1967.

Recovery of Overpayments

The amendments authorize the Secretary of HEW to recover overpaid benefits by requiring the overpaid beneficiary or his estate to refund the overpayment or by withholding the benefits payable to him, his estate or to any other person entitled to benefits on the same earnings record. (Under present law, overpayments may be recovered from the overpaid person while he is getting benefits, but recovery may not be made from any other person getting benefits on the same account. There is no specific provision for recovering an overpayment while the beneficiary is alive if he is not getting benefits.)

Benefits Paid on Basis of Erroneous Reports of Death in Military Service

The amendments provide that all benefits paid on the basis of official reports of death in military service issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead is still alive.

Effective date.—The provision will apply to all payments made to payees who get benefits for December 1967 or later.

Underpayments

The amendments provide that amounts due under the supplementary medical insurance program after the beneficiary's death be paid to the person who paid for the services, either before or after the beneficiary's death, or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate if there is one.) Otherwise the benefits will be paid under the following uniform order of payment for both cash benefits and part B benefits:

1. Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record.
2. Child entitled to benefits on the same earnings record.
3. Parent entitled to benefits on the same earnings record.
4. Spouse who was neither entitled to benefits on the same earnings record nor living with the individual.
5. Child not entitled to benefits on the same earnings record.
6. Parent not entitled to benefits on the same earnings record.
7. Legal representative of the individual's estate, if any.

Simplification of Benefit Computation

Where wages earned before 1951 are used to compute social security benefits, the amendments allow certain assumptions to be made so that the benefit could be computed by use of electronic data processing equipment.

Definitions of "Widow," "Widower," and "Stepchild"

The amendments provide a change in the definition of "widow," "widower," and "stepchild" so that they will be considered as such for social security purposes if the marriage existed for 9 months, or, in case of death in line of duty in the uniformed service, and in case of accidental death, if the marriage existed for 3 months, unless it is determined that the deceased individual could not have reasonably been expected to live for 9 months at the time the marriage occurred. Under present law a marriage must have existed for 12 months.

Requirements for Husband's and Widower's Insurance Benefits

The amendments eliminate the requirement in present law that a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

Disability Benefits Affected by the Receipt of Workmen's Compensation

The amendments modify the provisions in present law for determining the amount of combined social security and workmen's compensation benefits that can be paid when a disabled worker is eligible under both programs. In cases where social security disability benefits are subject to reduction because the combined benefits would otherwise exceed 80 percent of the disabled worker's average current earnings, the computation of average earnings can include earnings in excess of the annual amount taxable under social security.

Extension of Time for Filing Reports of Earnings

The amendments authorize the Secretary of Health, Education, and Welfare to grant an extension of the time in which a person may file the report of earnings required for retirement test purposes if there is a valid reason for his not filing it on time. Permission to file a late report may be given in advance of the date on which the report is to be filed.

Penalty for Failure to File Timely Reports of Earnings

The amendments eliminate the possibility of imposing on a person, who does not file a timely report of earnings under the retirement test, a penalty which exceeds the amount of benefits which should have been withheld.

Limitation on Payment of Benefits to Aliens Outside the United States

The amendments would modify the provisions of present law under which an alien who is outside the United States for 6 consecutive months has his benefits withheld under certain conditions, so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days within 6 months after he leaves the country.

The amendments add a provision under which generally a person who is not a citizen of the United States is outside the United States for 6 months or more could be paid benefits only if he is a citizen of a country that provides reciprocity under its social security system for the payment of benefits to U.S. citizens who are living outside that country. (Payment would continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

Also, benefits would not be payable to an alien living in a country in which the Treasury has suspended payments. Any amounts currently accumulated for aliens now living in countries where payment cannot be made would be limited to 12 monthly benefits.

Effective date—The provisions will be effective after June 30, 1968.

Advisory Council on Social Security

The amendments modify the provisions of present law relating to the time at which Advisory Councils are appointed and issue reports to provide that the Advisory Councils be appointed at any time after January 31 in 1969 and every 4 years thereafter. As in present law each Council would report to the Secretary not later than the first day of the second year following the year in which it is appointed. The final report of each Council, however, must include any interim reports the Council may have issued.

Disclosure to Courts of Whereabouts of Certain Individuals

The amendments require the Social Security Administration to furnish an appropriate court with the most recent address of a deserting father if the court wishes the information in connection with a support order for a child. Such information would be furnished to both courts in interstate support actions.

Payments to Certain Illegitimate Children

The amendments provide that benefits payable to illegitimate children who become entitled to benefits in the future under a provision contained in the 1965 amendments can not exceed the difference between the total amounts payable to other persons and the family maximum amount. The benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits under the 1965 amendment will not be reduced in the future nor will the benefits payable to persons on the rolls on the effective date of the 1967 amendments be reduced.

Report of Board of Trustees

The amendments change the date on which the annual report of the trustees of the social security trust funds is due from March 1 to April 1. Also, the report is to contain a separate actuarial analysis of the benefit disbursements made from the old-age and survivors insurance trust fund with respect to disabled beneficiaries.

Expedited Benefit Payments

The amendments establish special procedures to expedite the payment of benefits. The new procedures would go into effect after June 30, 1968, but would not apply to disability benefits or negotiated checks.

Attorney's Fees

The amendments authorize the Secretary of HEW to fix a reasonable fee for the services provided before the Social Security Administration for an applicant for social security benefits by an attorney and to pay such attorney's fee out of past-due benefits. The fee could not exceed the smaller of: (a) 25 percent of the past-due benefits, (b) the fee fixed by the Secretary, or (c) an amount agreed to by the applicant and the attorney.

Exclusion of Emergency Services by State and Local Employees

The amendments would mandatorily exclude from social security coverage services performed for a State or local government by workers hired on a temporary basis in case of emergencies such as fire, storm, flood, or earthquake.

Election Officials and Election Workers

The amendments would permit a State to exclude from social security coverage, prospectively, service performed by election workers and election officials if they are paid, for such services, less than \$50 in a calendar quarter. The exclusion could be taken for the election officials and workers of the State or any of its political subdivisions either at the time coverage is extended to employees of the State or the subdivision or at a later date.

Social Security Tax—Retirement Plans

The amendments exclude from the definition of wages subject to social security taxes certain payments made under plans established

by employers and made to the employee or his dependents upon retirement, death, or disability.

Definition of Disability

The amendments provide a more detailed definition of disability for workers than is now in the law. Guidelines would be provided under which a person could be determined to be disabled only if he is unable to engage in any kind of substantial gainful work which exists in the national economy, even though such work does not exist in the general area in which he lives. A special more restrictive definition would apply to widows and widowers.

Definition of Blindness

The definition of disability due to blindness is changed so that a person who is "industrially blind" (i.e., visual acuity of 20/200 or less corrected or a visual of 20 degrees or less) is disabled rather than one who has visual acuity of 5/200 or less corrected.

Time for Filing Applications for Exemption From Self-Employment Tax by Amish

The amendments permit members of a religious sect which is opposed to social insurance to file an application for exemption from the self-employment tax by December 31, 1968, if the person has self-employment income for years ending before December 31, 1967. If he first receives self-employment income in later years, the application would be timely if filed by the due date for the income tax return for the year in question. However, in these latter cases, the amendment also provides that valid applications may be filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.

Retirement Income of Retired Partners

The amendments provide that certain partnerships income of retired partners would not be taxed or credited for social security purposes.

Hospital Insurance Contributions by Persons Employed Both Under Social Security and Railroad Retirement

The amendments provide that, beginning with 1968, persons employed both under the social security and railroad retirement programs who pay hospital insurance contributions on combined wages which are in excess of the taxable wage base would be entitled to a refund of the excess contributions.

General Savings Provision

The amendments provide that when an additional person becomes entitled to benefits as a result of the Social Security Amendments of 1967, the benefit paid to any other person on the same account would not be reduced by the family maximum provision because the new person became entitled to benefits.

Health Insurance Benefits

Payment of Physician Bills Under the Supplementary Medical Insurance Program

Under present law, payment may be made only upon assignment to the physician or to the patient upon presentation of a receipted bill. The amendment would permit payment either to the patient on the basis of an itemized bill (which could be either receipted or unpaid) or to the physician under the present assignment method. This provision would make it possible for patients to pay their medical bills without depleting their savings or resorting to loans.

Payment for Services in Nonparticipating Hospitals

Under existing law payments can be made to participating hospitals and, in an emergency case, to a nonparticipating hospital which met certain standards, only if the hospital agreed to accept the reasonable costs allowed by medicare as full payment for the services rendered.

For the period ending December 31, 1967, the amendment would permit direct reimbursement to an individual who was furnished nonemergency or emergency hospital services in certain nonparticipating hospitals. This transitional coverage would not extend to admissions after 1967. Payment would be limited to 80 percent of the hospital ancillary charges and 60 percent of the room and board charges, for up to 20 days in each spell of illness (subject to the \$40 deductible and other statutory limitations of payment) if the hospital did not formally participate in medicare before January 1, 1969. If it did participate in medicare before that date and if it applied its utilization review plan to the services it provided before its regular participation started, up to the full 90 days of coverage could be reimbursed. Thus, there would be an incentive for nonparticipating hospitals to participate because participation is a condition for covering past services beyond 20 days as well as a condition for future coverage.

A similar provision would continue after January 1, 1968, for emergency care but only as an alternative to the other method of covering such care. Hospitals could apply for payment for a period of up to 150 days, or, if the hospital did not apply, the patient could obtain payment on the basis of 60 percent of room and board charges and 80 percent of ancillary services charges.

A new definition for hospitals eligible under these transitional and emergency care provisions is provided. Under it, a qualifying hospital must have a full-time nursing service, be licensed as a hospital, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. This definition would apply back to July 1, 1966, so that some hospitals which would otherwise be ineligible to receive payment for emergency services may receive such payments in behalf of beneficiaries back to the beginning of the program provided they apply for them. If they do not apply for reimbursement, the patient could be paid under other provisions.

This provision would afford financial relief to those medicare beneficiaries who have received services in certain nonparticipating hospitals starting July 1966, sometimes entering such hospitals without realizing the services would not be covered under medicare.

Payment Under the Medical Insurance Program for Noncovered Hospital Ancillary Services

The amendments add a provision which permits payment under the medical insurance program for presently noncovered ancillary hospital and extended care facility services, principally X-ray and laboratory services furnished after the patient has been covered for the full period of hospital eligibility. Under prior law if a person is in a hospital or extended care facility qualified to participate under medicare, payment may not be made for services which could be paid for under part B if not received in a qualified hospital or extended care facility. As a result, sometimes the services are not covered under either part B or part A. The amendment will allow payment to be made for services ordinarily not paid for under part B, wherever part A payments could not be made, if the appropriate hospital or independent laboratory standards are met. Payment will be made to participating providers under the usual part B provisions applying to the \$50 deductible and 20 percent coinsurance.

Limitation on Special Reduction in Allowable Days of Inpatient Hospital Services

The limitation on payment of hospital insurance benefits during the first spell of illness for an individual who is an inpatient of a psychiatric hospital at the time he becomes entitled to benefits under the hospital insurance program will be made inapplicable to benefits for services in a general hospital if the services are not primarily for the diagnosis or treatment of mental illness. The amendments also remove tuberculosis hospitals from the provision in present law under which days in a tuberculosis institution immediately before entitlement to hospital insurance are counted against the days of coverage an individual would otherwise have. In effect, the change makes an individual's entitlement to hospital insurance benefits the same if he received hospital services in a tuberculosis hospital as it would be if he received services in a general hospital.

Payment for Blood

The definition of "blood" is broadened to include packed red blood cells as well as whole blood and the application of the 3-pint deductible provision under the hospital plan is also extended to the supplementary medical insurance program.

Services of Podiatrists

The amendments include within the definition of physician a doctor of podiatry, but only with respect to functions he is authorized to perform by the State in which he practices. No payment will be made for routine foot care whether performed by a podiatrist or a medical doctor.

Physical Therapy

The amendments extends the provisions of present law to include outpatient physical therapy services furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services as well as approved clinics,

rehabilitation centers and local public health agencies. Additionally, the patient would not have to be homebound for the physical therapy services to be covered.

Supplementary Medical Insurance Enrollment Periods

The amendments add a provision, effective January 1, 1969, under which the general enrollment periods of the supplementary medical insurance program will be placed on an annual basis and run from January 1 to March 31, rather than October 1 to December 31 of each odd-numbered year. The Secretary would determine and promulgate during December of each year the premium rate which would be applicable for a 12-month period to begin the following July 1. When the Secretary promulgates a rate for part B, he also is required to issue a public statement setting forth the actuarial assumptions and bases upon which he arrived at the rate.

Persons wishing to disenroll could do so at any time, but such termination would not take effect until the close of the calendar quarter following the quarter in which the notice was filed.

Additional Days of Hospital Care

Each medicare beneficiary will be provided with a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 for each day would be applicable to such added days of coverage.

Incentive Reimbursement Experimentation

The Secretary of HEW is authorized to experiment with various methods of reimbursement to organizations, institutions, and physicians, on a voluntary basis, participating under medicare, medicaid, and the child health programs which offer incentives for keeping costs of the program down while maintaining quality of care.

Study of Drug Proposals and Retirement Test

The Secretary of HEW is required to study and report to the Congress, prior to January 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under medicare, and (2) a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under the various programs of the Social Security Act. The Secretary is also to study ways to improve the earnings test under social security and the feasibility of increasing payments to those who delay their retirement after age 65.

Physician Certification

The requirement of physician certification of the medical necessity for hospital outpatient services and admissions to general hospitals is removed. Such services and admissions are almost always medically necessary. The change will simplify administration of the program by eliminating unnecessary paperwork.

Transfer of Outpatient Hospital Services to the Supplementary Medical Insurance Program

The amendments transfer hospital outpatient diagnostic services from the hospital insurance program to the supplementary medical insurance program. The effect of the change is that all hospital outpatient benefits will be covered under the supplementary medical insurance program and thus subject to the deductible (\$50 a year) and coinsurance features (20 percent). This provision simplifies the procedure for paying benefits for hospital outpatients by making such payments subject to a single set of rules for determining patient eligibility, patient and medicare liability and trust fund accountability.

Hospital Billing for Outpatient Services

Hospitals will be permitted, as an alternative to the present procedure, to collect small charges (if not more than \$50) for outpatient hospital services from the beneficiary without submitting a bill to medicare. (The amounts collected would be counted as expenses reimbursable to the beneficiary under the medical insurance plan.) The payments due the hospitals would be computed at intervals to assure that the hospital received its final reimbursement on a cost basis. This provision will bring the requirements of the medicare program more closely into conformity with the usual billing practices of hospitals.

Radiologists' and Pathologists' Services

The amendments permit payment of full reasonable charges for radiological or pathological services furnished by physicians to hospital inpatients. Under present law, a 20 percent coinsurance factor is applicable as is also the \$50 deductible if it is not met by other medical expenses. This provision improves the protection of the program as well as facilitating beneficiary understanding. It will simplify hospital and intermediary handling of medicare claims by bringing the requirements of the medicare program more closely in line with the usual billing practices of hospitals and the payment methods of private insurance.

Payment for Portable X-ray Services

The amendments permit payment for diagnostic X-rays taken in a patient's home or in a nursing home. These services will be covered under the supplementary medical insurance program if they are provided under the supervision of a physician and are performed under proper health and safety regulations.

Payment for Purchase of Durable Medical Equipment

The amendments permit payment to be made for durable medical equipment needed by an individual, whether rented or purchased. If purchased, payment would be made periodically in the same amount as if equipment were rented, for the period the equipment was needed but without covering more than the purchase price.

Reimbursement for Civil Service Retirement Annuitants for Premium Payments Under the Supplementary Medical Insurance Program

Federal employee group health benefit plans will be permitted to reimburse certain civil service retirement annuitants who are members of their plans for the premium payments they make to the supplementary medical insurance program.

Date of Attainment of Age 65 of Persons Enrolling in SMI Program

A person over 65, who believes, on the basis of documentary evidence, that he has just reached age 65, will be allowed to enroll in the supplementary medical insurance program as if he had attained age 65 on the date shown in evidence.

Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act

States will be able to receive 75-percent Federal matching for the services which State health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to help those facilities improve their fiscal records for payment purposes. Similar provisions in the medicare program (which finance such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

Transitional Provisions for Uninsured Individuals Under the Hospital Insurance Program

A person attaining age 65 in 1968 will be entitled to hospital insurance benefits if he has a minimum of three quarters of coverage (existing law requires six), with the number of quarters of coverage needed by persons who reach age 65 in later years increasing by three in each year until the regular insured status requirement is met.

Appropriation to Supplementary Medical Insurance Trust Fund

Whenever the transfer of general revenue funds to the supplementary medical insurance trust fund (after June 30, 1967) is not made at the time the enrollee contribution is made, the general fund of the Treasury will pay, in addition to the Government share, an amount equal to the interest, that would have been earned by the trust fund had the transfer been made on time. Also, the contingency reserve now provided for 1966 and 1967 will be made available through 1969.

Health Insurance Benefits Advisory Council

The Health Insurance Benefits Advisory Council will assume the duties of the National Medical Review Committee. The Medical Review Committee, which has not yet been formed, will not be appointed. The Health Insurance Benefits Advisory Council membership is increased from 16 to 19 persons.

Study of Coverage of Services of Health Practitioners

The Secretary of Health, Education, and Welfare will study the need for, and make recommendations concerning, the extension of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services.

Creation of an Advisory Council To Make Recommendations Concerning Health Insurance for Disability Beneficiaries

The Secretary of Health, Education, and Welfare will establish an Advisory Council to study the problems relative to including the disabled under the health insurance program, and also any special problems with regard to the costs which would be involved in such coverage. The Council is to make its report by January 1, 1969.

Financing the Social Security and Hospital Insurance Programs

The tax rates and the tax base under present law and under the amendments are shown in the following table:

TAX RATES UNDER PRESENT LAW AND UNDER THE AMENDMENTS
EMPLOYER-EMPLOYEE, EACH

Period	[In percent]					
	OASDI		HI		Total	
	Present law	Amendments	Present law	Amendments	Present law	Amendments
1968.....	3.9	3.8	0.5	0.6	4.4	4.4
1969-70.....	4.4	4.2	.5	.6	4.9	4.8
1971-72.....	4.4	4.6	.5	.6	4.9	5.2
1973-75.....	4.85	5.0	.55	.65	5.4	5.65
1976-79.....	4.85	5.0	.6	.7	5.45	5.7
1980-86.....	4.85	5.0	.7	.8	5.55	5.8
1987 and after.....	4.85	5.0	.8	.9	5.65	5.9

SELF-EMPLOYED						
1968.....	5.9	5.8	0.5	0.6	6.4	6.4
1969-70.....	6.6	6.3	.5	.6	7.1	6.9
1971-72.....	6.6	6.9	.5	.6	7.1	7.5
1973-75.....	7.0	7.0	.55	.65	7.55	7.65
1976-79.....	7.0	7.0	.6	.7	7.6	7.7
1980-86.....	7.0	7.0	.7	.8	7.7	7.8
1987 and after.....	7.0	7.0	.8	.9	7.8	7.9

Note: The maximum taxable earnings base under present law, \$6,600, is increased to \$7,800 effective Jan. 1, 1968.

PUBLIC WELFARE AND HEALTH AMENDMENTS

Work Incentive Program for AFDC Families

The amendments establish a new work incentive program for families receiving AFDC payments to be administered by the Department of Labor. The State welfare agencies would determine who was appropriate for such referral but would not include (1) children who are under age 16 or going to school; (2) any person with illness, incapacity, advanced age or remoteness from a project that precludes effective participation in work or training; or (3) persons whose substantially continuous presence in the home is required because of

the illness or incapacity of another member of the household. For all those referred the welfare agency will assure necessary child care arrangements for the children involved. An individual who desires to participate in work or training would be considered for assignment and, unless specifically disapproved, would be referred to the program.

People referred by the State welfare agency to the Department of Labor would be handled under three priorities. Under priority I, the Secretary of Labor, through the over 2,000 U.S. employment offices, would make arrangements for as many as possible to move into regular employment and would establish an employability plan for each other person.

Under priority II all those found suitable would receive training appropriate to their needs and up to \$30 a month incentive payment. After training as many as possible would be referred to regular employment.

Under priority III, the employment office would make arrangements for special work projects to employ those who are found to be unsuitable for the training and those for whom no jobs in the regular economy can be found at the time. These special projects would be set up by agreement between the employment office and public agencies or nonprofit private agencies organized for a public service purpose. It would be required that workers receive at least the minimum wage (but not necessarily the prevailing wage) if the work they perform is covered under a minimum wage statute (and in applying the minimum wage law, their welfare grants would be counted). Moreover, the work performed under special projects must not result in the displacement of regularly employed workers and would have to be of a type which, under the circumstances in the local situation, would not otherwise be performed by regular employees.

The special work projects would work like this: The State welfare agency would make payments to the employment office equal to: (1) the welfare benefit the family would have been entitled to, or, if smaller, (2) a portion of the welfare benefit equal to 80 percent of the rates which the individual receives on the special project.

The Secretary of Labor would arrange for the participants to work in a special work project. The amount of the funds paid by him into the project would depend on the terms he negotiates with the agency sponsoring the project. The amount of funds put into the projects by the employment office could not be larger than the funds sent to the Secretary of Labor by the State welfare agency.

The extent to which the State welfare expenditures might be reduced would depend upon the negotiating efforts of the Secretary of Labor. If he is successful in placing these workers in work projects where the pay is relatively good, the contribution the State must make into the employment pool would be less and there would be a savings to both Federal and State Governments.

Employees who work under these agreements would have their situations reevaluated by the employment office at regular intervals (at least every 6 months) for the purpose of making it possible for as many such employees as possible to move into regular employment.

An important facet of this suggested work program is that in most instances the recipient would no longer receive a check from the welfare agency. Instead, he would receive a payment from an employer for services performed. The entire check would be subject to income,

social security, and unemployment compensation taxes, thus assuring that the individual would be accruing rights and responsibility just as other working people do. In those cases where an employee receives wages which are insufficient to raise his income to a level equal to the grant he would have received had he not been in the project plus 20 percent of his wages, a welfare check equal to the difference would be paid. In these instances the supplemental check would be issued by the welfare agency and sent to the worker.

A refusal to accept work or undertake training without good cause by a person who has been referred would be reported back to the State agency by the Labor Department; and, unless such person returns to the program within 60 days (during which he would receive counseling), his welfare payment would be terminated. Protective and vendor payments would be continued, however, for the dependent children to protect them from the faults of others.

The States would have to meet 20 percent, in cash or in kind, of the total cost of the program (excluding amounts paid on special work projects, priority III, which would come from the employer and the transferred welfare payments).

Earnings Exemption

Under the present aid to families with dependent children program, the States, at their option, may disregard not more than \$50 per month of earned income of each dependent child under age 18 but not more than \$150 per month in the same home in computing the family's income for public welfare purposes. The States also have the option of disregarding \$5 of income from any source before applying the child's earned income exemption.

Under the amendments earned income of each child recipient who is a full-time student or is a part time student not working full time, will be excluded in determining need for assistance. In the case of any other child or an adult relative the first \$30 of earned income of the group plus $\frac{1}{2}$ of the remainder of such income for the month would also be exempt. The prior provision exempting \$50 a month of a child's income would be superseded by these provisions.

Dependent Children of Unemployed Fathers

The amendments provide that under State programs of aid to families with dependent children of unemployed parents, Federal matching would be available only for the children of unemployed fathers. Under present law States may include children on the basis of the unemployment of mothers, as well as fathers. The amendments also provide that the Secretary will prescribe standards for the determination of what constitutes unemployment. The term is defined by the States under present law.

Under the amendments, State plans would have to provide for the payment of assistance when a child's father has not been employed for at least 30 days prior to receiving aid, if he has not refused a bona fide offer of employment or training without good cause, and if he has had a recent and substantial connection with the labor force. Assistance would be denied if the father is not currently registered with the public employment office in the State, if he refuses without good cause to undertake work or training, or refuses without good

cause to accept employment, of if he is receiving unemployment compensation.

The States would have to refer the fathers to work incentive programs with 30 days after first providing them with welfare assistance.

States which are operating programs for the children of unemployed parents as provided for under present law would not have to add any additional children or families as a result of the new provisions prior to July 1, 1969. However, the amendment establishing criteria for persons covered would be effective January 1, 1968, and no Federal matching would be provided for persons who do not meet these criteria.

Limitation on Federal Matching in AFDC Program

The amendments sets a limitation on Federal financial participation in the AFDC program related to the proportion of the child population under age 18 aided because of the absence from the home of a parent. Federal financial participation would not be available for any excess above the percentage of children of absent parents who received aid to the child population under age 18 in the State as of January 1, 1968.

This limitation will be effective after June 30, 1968.

Federal Payments for Foster Home Care of Dependent Children

Effective July 1, 1969, States would have to provide AFDC payments for children who are placed in a foster home if in the 6 months before proceedings started in the court they would have been eligible for AFDC if they had lived in the home of a relative. The provision would be optional with the States before July 1, 1969. Under present law, children in foster care are eligible for AFDC payments only if they actually received such payments in the month they were placed in foster care. Federal matching would be available for grants up to an average of \$100 a month per child.

Emergency Assistance

The amendments authorizes up to 30 days of emergency assistance during a 12-month period to a child under 21 and his family, but could not be extended to a family for refusal (without good cause) to accept work or training under the work incentive program. This emergency aid could also be extended to migrant workers who have dependent children.

Protective or Vendor Payments

The amendments increase the limitation of recipients for whom protective payments could be made because they were unable to manage their funds from 5 percent to 10 percent but excludes from this overall limitation those recipients for whom such payments have been made because of the refusal without good cause, of an individual to work, register for work, or to participate under a training or work program.

Single Organizational Unit for Child Services

The amendments provide that child-welfare services and services to children receiving AFDC shall be provided by the same organizational unit at the State and local level, except that in those instances where such services were provided by separate State agencies or

separate local agencies on the date of enactment of the amendments, they may continue to be provided by such agencies.

Pass Along

The amendments expand the provision enacted in 1965 which allows the State to exempt up to \$5 a month of any type of income in determining eligibility and the amount of assistance. Effective upon enactment, the States would have the option of exempting up to a total of \$7.50 a month for the aged, blind, and the totally and permanently disabled.

Increased Authorizations for Child Welfare Services

The amendments increase child welfare authorizations from \$55 million for fiscal year 1969 to \$100 million, and from \$60 million for later years to \$110 million.

Provision of Family Service State Plan Requirement

There is a provision in present law requiring State welfare agencies to make a plan for providing welfare services for each child in an AFDC family. Under the amendments, the plan must also provide for welfare services for the adults in the family.

Use of Subprofessional and Volunteer Staff

The amendments require States, effective July 1, 1969, to train and use subprofessional staff, with particular emphasis on the use of welfare recipients and other persons of low income, as community service aides for the kinds of jobs appropriate for them in the public assistance, child welfare, and health programs under the Social Security Act. The amendment also directs States to use volunteers in the program both for the provision of services to recipients, and for the assistance of advisory committees.

Parent Involvement in Day Care—Day Care Standards

The amendments add a State plan requirement to the child welfare day-care provisions for development of arrangements for the more effective involvement of parents in day care programs. Also, the day care standards in the child welfare services programs will be made applicable to day care provided to AFDC children.

Repatriation Extension

The amendments extend for 1 year, through June 30, 1969, the temporary legislation which authorizes assistance to needy Americans needy who have been repatriated to the United States by the Department of State from foreign countries.

Demonstration Projects

Two million dollars annually is currently available to encourage the States to develop demonstrations in improved methods of providing service to recipients or in improved methods of administration. The amendments increase this amount to \$4 million annually.

Payment for Home Repairs

The amendment for the cash public assistance programs, allow 50 percent Federal matching for repairs (up to \$500) of homes owned by recipients if to do so would be more economical from the standpoint of the program.

Purchase of Social Services

The amendments permit the purchase by welfare agencies of child care and other services under the public assistance title of the act. Such services may now be provided by welfare agency staff but existing law does not permit their purchase except from other State agencies.

Social Work Manpower and Training

The amendments authorize \$5 million for the fiscal year ending June 30, 1969, and \$5 million for each of the 3 succeeding fiscal years for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work, or an association of such schools, to meet part of the costs of development, expansion, or improvement of undergraduate programs in social work and programs for the graduate training of professional social work personnel. Not less than one-half of the amount appropriated would have to be used for grants for undergraduate programs.

Location of Absent Parents

The amendments provide that in those instances in which welfare agencies have been unable to locate absent parents of children receiving AFDC through all sources available to them, including records of the Social Security Administration, the Internal Revenue Service will make available any information concerning their whereabouts that it may have.

Limitation on Federal Participation in Medical Assistance (Medicaid)

States will be limited in setting income levels for Federal matching purposes to 133⅓ percent of the AFDC payment level. (For the period July–December 1968, the percentage is 150, and for calendar year 1969 it is to be 140 percent.)

Federal matching for medical care for all those who are receiving or eligible for cash assistance or who would be eligible for cash assistance if not institutionalized, will not be affected under the amendment.

Coordination of Medicaid and the Supplementary Medical Insurance Program

States will have until January 1, 1970 (rather than January 1, 1968) to buy-in title XVIII supplementary medical insurance for persons eligible for medicaid. Also, people who are eligible for medicaid but who do not receive cash assistance may be included in the group for which the State can purchase such coverage and persons who first go on the medicaid rolls after 1967 are also eligible. There is no Federal matching toward the State's share of the premium in such cases. Federal matching amounts will not be available to States for services which could have been covered under the supplementary medical insurance programs but were not as a result of a State's failure to buy in.

Modification of Comparability Provisions—Medicaid

States do not have to include in medicaid coverage for recipients under age 65 the same services which the aged receive under the supplementary medical insurance program furnished under the buy-in provisions discussed above.

Extent of Federal Financial Participation in State Administrative Expenses—Medicaid

States will get the same 75-percent Federal matching for physicians and other professional medical personnel working on the medicaid program in the State health agencies which they now get when such personnel work in the "single State agency," usually the public assistance agency. Under present law, matching is 50 percent in such cases.

Advisory Council on Medical Assistance

An Advisory Council on Medical Assistance, consisting of 21 persons from outside the Government, is established to advise the Secretary of Health, Education, and Welfare on matters of administration of the medicaid program.

Free Choice for Persons Eligible for Medicaid

Effective July 1, 1969 (July 1, 1972, for Puerto Rico, the Virgin Islands, and Guam), people covered under the medicaid program will have free choice of qualified medical facilities and practitioners, including community pharmacies.

Use of State Agencies To Assist Health Facilities To Participate in the Various Health Programs Under the Social Security Act

States will receive 75-percent Federal matching for services which State health agencies perform to help health facilities qualify for participation in the various health programs under the Social Security Act (including medicare, medicaid, and the child health programs) and to help these facilities improve their fiscal records for payment purposes. Similar provisions in the medicare program (which finances such services on a 100-percent basis from the Federal hospital insurance trust fund) are repealed effective July 1, 1969, when this provision goes into effect.

Payments for Services and Care by a Third Party—Medicaid

States are required to take steps to assure that the medical expenses of a person covered under the medicaid program, which a third party has a legal obligation to pay, will not be paid, or, if liability is later determined, that steps will be taken to secure reimbursement.

Medicaid Safeguards

The amendment requires States to establish methods and procedures designed to safeguard against unnecessary utilization of health care and services, as well as to assure that payments (including payments for drugs) do not exceed reasonable charges and that they are made on a basis consistent with efficiency, economy, and quality of care.

Skilled Nursing Home Standards Under Medicaid

States are required, as a condition for participation in the medicaid program, to place assistance recipients only in those licensed nursing homes which meet certain conditions. The conditions include requirements which relate to environment, sanitation, and housekeeping now applicable to extended care facilities under medicare, as well as fire safety standards of the life safety code of the National Fire Protection Association (unless the Secretary finds that a State's existing fire code is adequate).

States will also have to have a professional medical audit program under which periodic medical evaluations of the appropriateness of care provided title XIX patients in nursing homes, mental hospitals, and other institutions will be made.

Effective July 1, 1970, States which provide skilled nursing home care under medicaid will also be expected to provide home health care services.

Federal Matching for Assistance Recipients in Intermediate Care Facilities

Under current law, vendor payments may be made with Federal sharing only in behalf of persons in medical facilities, such as skilled nursing homes. There is no Federal vendor-payment matching for people who need institutional care in the intermediate range between that which is provided in a boarding house (for which eligible persons may receive a money payment under the money payment programs), and those who need the comprehensive services of skilled nursing homes.

The amendments provide for vendor payments in behalf of persons who qualify for OAA, AB, or APTD, and who are living in facilities (including a Christian Science sanitarium) which are more than boarding houses but which are less than skilled nursing homes. The rate of Federal sharing for payments for care in those institutions is at the same rate as for medical assistance under title XIX. Such homes will have to meet safety and sanitation standards comparable to those required for nursing homes in a given State.

This provision should result in a reduction in the cost of title XIX by allowing States to relocate substantial numbers of welfare recipients who are now in skilled nursing homes in lower cost institutions.

Maintenance of State Effort

Present law contains certain provisions which in effect require that the additional Federal dollars States received as a result of the Social Security Amendments of 1965 are passed on to recipients or are otherwise used in the State's welfare program, for a period ending July 1, 1969. The amendments adds to the kinds of expenditures States may count (from July 1, 1966) in determining whether they are satisfying the maintenance of effort provisions. The maintenance of effort provision as amended would terminate July 1, 1968.

Direct Billing—Medicaid

Under present law, States are required to pay for health services under medical assistance programs directly to the provider of the services. Under the amendment, States will be permitted to make a

direct payment to the recipient for physicians' and dentists' services with respect to those medical assistance recipients who are not also receiving cash assistance.

Required Services Under Medicaid

States now have to provide, as a minimum, five basic services: Inpatient hospital services, outpatient hospital services, other laboratory and X-ray services, skilled nursing home services, and physician's services. States may select a number of other items of service from an additional list in the law.

Under the amendments States will be required to provide the basic five services for all money payment recipients (the most needy receiving help under the program). With respect to the medically indigent, States would be allowed to select either the first five, or seven out of 14, services authorized under the law, except that if nursing home or hospital care services are selected, a State must also provide physician's services in those institutions. Subsequent to July 1, 1970, a State would also be required to provide home health services for its cash assistance recipients.

Christian Scientists—Health Programs

The amendments add a provision to the medical assistance (title XIX) and the child health programs (title V), making it clear that no provision in such titles requires an individual to undergo medical screening, diagnosis, or treatment, where contrary to his religious belief, except in cases involving contagious disease or environmental health.

Hospital Deductibles and Copayment for Medically Indigent

Under present law, States may not impose any deductibles or cost sharing provisions with respect to hospital care under the Medicaid program. Under the amendments, the costs of hospital care received by the medically needy will be subject to deductibles or other cost sharing if a State desired to have such provisions in its program. No such deductible or cost sharing could be imposed with respect to money payment recipients, as under existing law.

Essential Person—Medicaid

The amendments extend medical assistance to certain "essential persons." At present there is no provision in title XIX which permits a State to receive Federal matching for medical assistance provided for "essential persons." An "essential person" is defined as the spouse to an aged, blind, or disabled public assistance recipient who is living with him, and essential or necessary to his welfare and whose needs are taken into account in determining the amount of his cash payment. The wife of an OAA recipient, for example, who herself is not eligible for cash assistance because she is under age 65 will be eligible for medical assistance if the State plan so provided.

Licensing of Nursing Home Administrators Under Medicaid

The amendments require States to license administrators of nursing homes. Administrators currently operating a home who do not

qualify initially would have until July 1, 1972, to qualify. In the meantime, the States would be required to offer programs of training to assist administrators to qualify.

Optometric Services Under Child Health Programs

Persons receiving health services under child health programs will be free to utilize the services of optometrists when appropriate.

Family Planning

Family planning expenditures are now made under the maternal and child health program in title V and through medical assistance under title XIX, as a medical services expenditure. States are free to offer family planning services to AFDC recipients under title IV, but there are no Federal requirements. Under the amendments, States will be required to offer family planning services to all appropriate AFDC recipients. Federal matching of these expenditures will be provided. In addition, authorizations for the maternal and child health programs are increased, and 6 percent of the appropriated funds are earmarked for family planning. (An estimated \$15 million would be spent for that purpose under the 1969 authorization, with increases thereafter). Demonstration projects would need to be developed for the provision of family planning services for mothers in needy areas.

Language is included to clarify that the acceptance of family planning services is voluntary and not a requisite for the receipt of assistance.

Training of Personnel for Health Care and Related Services for Mothers and Children

The amendments will direct the Secretary of Health, Education, and Welfare "to give special attention to" programs providing training at the undergraduate level in making grants for training of such personnel.

Consolidation and Increase of Child Health Authorizations

The amendments consolidate the existing separate child health authorizations into one single authorization with three general categories. Beginning with 1969, 50 percent of the total authorization would be for formula grants, 40 percent for project grants, and 10 percent for research and training. By July 1972 the States would have to take over the responsibility for the project grants, and 90 percent of the total authorization would then go to the States in the form of formula grants. Total authorizations would increase from \$250 million in 1969 to \$350 million in 1973 and thereafter.

Additional Requirements on the States Under the Formula Grant Program—Child Health

State plans must provide for the early identification and treatment of crippled children. Title XIX is amended to conform to this requirement. The States must also devote special attention to family planning services and dental care for children in the development of demonstration services.

Project Grants—Child Health

Until July 1972, the amendment authorizes project grants (1) to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing, and to help reduce infant and maternal mortality; (2) to promote the health of children and youth of school and preschool age; and (3) to provide dental care and services to children. Beginning July 1972, responsibility for these projects will be transferred to the States.

The fiscal year 1968 authorization for maternity and infant care special projects grants is increased from \$30 to \$35 million.

Limitation on Federal Matching for Puerto Rico, Guam, and Virgin Islands

The dollar limit for Federal financial participation in public assistance for Puerto Rico is raised from the present \$9.8 million to \$12.5 million for 1968, \$15 million for 1969, \$18 million for 1970, \$21 million for 1971 and \$24 million for 1972 and thereafter. Up to an additional \$2 million can be certified for family planning services and expenses to support work incentive programs.

Under medicaid an overall dollar limit of \$20 million is applicable to Puerto Rico and the ratio of Federal matching is changed from 55 percent to 50 percent.

Proportionate adjustments are made for Guam and the Virgin Islands.

TABLES

TABLE 1.—COMPARISON OF MONTHLY CASH BENEFITS UNDER PRESENT LAW AND UNDER H.R. 12080 AS AGREED TO BY THE CONFERENCE COMMITTEE

Average monthly earnings after 1950	\$67 or less		\$150		\$250		\$300		\$350		\$400		\$550		\$650 or more	
	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080	Present law	H.R. 12080
1. Retirement at 65 or disability benefit.....	\$44.50	\$55.00	\$78.20	\$88.40	\$101.70	\$115.00	\$112.40	\$127.10	\$124.20	\$140.40	\$135.90	\$153.60	\$168.00	\$189.90	\$218.00	\$271.80
2. Retirement at 62.....	35.20	44.00	62.60	70.80	81.40	92.00	90.00	101.70	99.40	112.40	108.80	122.90	134.40	152.00	174.40	210.00
3. Wife's benefit at 65 or with child in her care.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	75.80	84.00	95.00	105.00	125.00
4. Wife's benefit at 62.....	16.50	20.70	29.40	33.20	38.20	43.20	42.20	47.70	46.60	52.70	51.00	57.60	63.00	71.30	78.80	91.00
5. 1 child of retired or disabled worker.....	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	75.80	84.00	95.00	105.00	125.00
6. Widow 62 or older.....	44.00	55.00	64.60	73.00	84.00	94.90	92.80	104.90	102.50	115.90	112.20	126.80	138.60	156.70	179.90	210.00
7. Widow at 60, no child.....	38.20	47.70	56.00	63.30	72.80	82.30	80.50	91.00	88.90	100.50	97.30	109.90	120.20	135.90	156.00	186.00
8. Disabled widow at age 50.....	33.40	43.40	53.40	63.40	73.40	83.40	81.40	91.40	89.40	101.40	98.40	111.40	121.40	136.40	156.40	186.40
9. Widow under 62 and 1 child.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	220.40	252.00	285.00	327.00	395.00
10. Widow under 62 and 2 children.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	220.40	252.00	285.00	327.00	395.00
11. 1 surviving child.....	44.00	55.00	58.70	66.30	75.30	86.30	84.30	95.40	93.20	105.30	102.00	115.20	126.00	142.50	163.50	194.00
12. 2 surviving children.....	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	220.40	252.00	285.00	327.00	395.00
13. Maximum family benefit.....	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	280.80	280.80	309.20	322.40	368.00	395.60	434.40	510.00
14. Maximum lump-sum death payment.....	132.00	165.00	234.60	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00

¹ Maximum AME under H.R. 12080.² Maximum wife's benefit.

Source: Social Security Administration.

TABLE 2.—MAXIMUM CONTRIBUTION AMOUNTS UNDER AMENDMENTS—OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

Calendar year	OASDT		Health insurance		Total	
	Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments
Employee						
1967.....	\$257. 40	\$257. 40	\$33. 00	\$33. 00	\$290. 40	\$290. 40
1968.....	257. 40	296. 40	33. 00	46. 80	290. 40	343. 20
1969-70.....	290. 40	327. 60	33. 00	46. 80	323. 40	374. 40
1971-72.....	290. 40	358. 80	33. 00	46. 80	323. 40	405. 60
1973-75.....	320. 10	390. 00	36. 30	50. 70	356. 40	440. 70
1987 and after.....	320. 10	390. 00	52. 80	70. 20	372. 90	460. 20
Self-employed						
1967.....	\$389. 40	\$389. 40	\$33. 00	\$33. 00	\$422. 40	\$422. 40
1968.....	389. 40	452. 40	33. 00	46. 80	422. 40	499. 20
1969-70.....	435. 60	491. 40	33. 00	46. 80	468. 60	538. 20
1971-72.....	435. 60	538. 20	33. 00	46. 80	468. 60	585. 00
1973-75.....	462. 00	546. 00	36. 30	50. 70	498. 30	596. 70
1987 and after.....	462. 00	546. 00	52. 80	70. 20	514. 80	616. 20

Source: Chief Actuary, Social Security Administration.

TABLE 3.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER AMENDMENTS

[In millions of dollars]

Item	1968	1969	1972
General benefit increase.....	2, 529	3, 190	3, 604
Benefit increase for transitional insured.....	8	7	5
Benefit increase for transitional noninsured.....	43	43	25
Liberalized benefits with respect to women workers.....	73	90	101
Special disability insured status under age 31.....	60	72	77
Disabled widow's benefits at age 50.....	50	63	73
Earnings test liberalization.....	140	221	244
Total.....	2, 901	3, 686	4, 129

Source: Chief Actuary, Social Security Administration.

TABLE 4.—COMPARISON OF CONTRIBUTION INCOME AND BENEFIT OUTGO UNDER PRESENT LAW AND UNDER AMENDMENTS, OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE

[In billions of dollars]

Calendar year	Contribution income	Benefit outgo	Excess of contributions over benefits
Present law			
1967.....	28. 5	24. 2	4. 3
1968.....	29. 6	25. 5	4. 1
1969.....	33. 7	26. 9	6. 8
1970.....	35. 2	28. 2	7. 0
1971.....	36. 2	29. 4	6. 8
1972.....	37. 2	30. 8	6. 4
Amendments			
1968.....	31. 0	28. 3	2. 7
1969.....	35. 2	30. 4	4. 8
1970.....	36. 8	31. 8	5. 0
1971.....	40. 8	33. 3	7. 5
1972.....	42. 5	34. 7	7. 8

Source: Chief Actuary, Social Security Administration.

TABLE 5.—DETAIL OF PUBLIC WELFARE AND CHILD HEALTH COSTS AGREED TO BY THE CONFERENCE COMMITTEE

[In millions of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970	Fiscal year 1971	Fiscal year 1972
Public assistance:					
AFDC costs if there is no change in present law ¹	1,462.0	1,555.0	1,647.0	1,741.0	1,837.0
Title XIX costs if there is no change in present law ²	1,391.0	1,913.0	2,289.0	2,690.0	3,118.0
All other public assistance costs if there is no change in present law ³	1,647.0	1,700.0	1,725.0	1,750.0	1,776.0
Subtotal, present law.....	4,500.0	5,168.0	5,661.0	6,181.0	6,731.0
Increases in the bill:					
Day care.....	(⁴)	35.0	80.0	160.0	350.0
Other social services.....	(⁴)	35.0	70.0	100.0	125.0
Earnings exemptions.....	(⁴)	20.0	25.0	30.0	35.0
Work training.....	30	129.0	165.0	209.0	308.0
Foster care.....	(⁴)	10.0	20.0	33.0	40.0
Emergency assistance.....	(⁴)	10.0	20.0	35.0	35.0
Puerto Rico, et al.....	(⁴)	7.8	11.0	14.2	17.5
Demonstration projects.....	(⁴)	2.0	2.0	2.0	2.0
Additional child health requirements in title XIX.....			30.0	40.0	50.0
OAA, AB, APTD spouses under medicaid.....	(⁴)	14.0	15.0	16.0	17.0
Medical review program for nursing homes.....		2.5	5.0	7.5	10.0
Subtotal, increases.....	4 50	265.3	443.0	646.7	989.5
Decreases in the bill:					
AFDC limitation.....			—63.0	—145.0	—257.0
AFDC reductions for persons trained.....			—329.0	—678.0	—1,405.0
Restrictions on title XIX.....					
Decreases in public assistance due to social security bene- fit increase.....	—15	—65.0	—70.0	—75.0	—75.0
Federal participation in cost on care in "Intermediate care facilities".....		—10.0	—20.0	—29.0	—29.0
Subtotal decreases.....	—15	—415.0	—831.0	—1,286.0	—1,766.0
Net cost of savings due to public assistance amendments.....	—35	—149.7	—388.0	—639.3	—766.5
Total public assistance as amended by bill.....	4,535	5,018.3	5,237.0	5,541.7	5,954.5
Child welfare:					
Present law.....	55	55.0	60.0	60.0	60.0
Increase for child welfare services.....		45.0	50.0	50.0	50.0
Increase for child welfare research.....		5.0	10.0	15.0	15.0
Subtotal, increases.....		50.0	60.0	65.0	65.0
Social work manpower.....		5.0	5.0	5.0	5.0
Net public welfare cost or savings in bill.....	35	—94.7	—323.0	—569.3	—706.5
Child Health:					
Authorizations in bill.....	203	250.0	275.0	300.0	325.0
Authorization in present law.....	198	210.5	225.5	225.5	225.5
Increase in bill.....	5	39.5	49.5	74.5	99.5

¹ Assumes annual increase in the rolls of about 200,000, based on the experience of the past several years; allows increase of \$1 each year in the average monthly payment per recipient, in line with recent experience.

² Includes all medical vendor payments; assumes 5-percent annual increase in unit costs after 1968.

³ Assumes continued decline in number of old-age assistance and aid to the blind recipients, and continued increase in aid to the permanently and totally disabled, based on experience; allows increases for average payments.

⁴ 1968 cost of \$20,000,000 related to these items undistributed.

Note: Costs are based on 1968 prices except as noted in assumptions.

Source: U.S. Department of Health, Education, and Welfare.

TABLE 6.—WORK TRAINING IMPACT OF WORK INCENTIVE PROGRAM

Fiscal year	Work training expenses (millions)	Federal AFDC reduction due to training (millions)	Trainees (thousands) ¹	Full-time job placements after training (thousands)
1968.....	\$30	-----	27	-----
1969.....	² 129	—\$11	110	13
1970.....	165	—63	150	55
1971.....	209	—145	190	75
1972.....	308	—257	280	95
Total.....	841	—476	757	250

¹ Does not include recipients on priority III work projects.

² Includes \$8,000,000 1-year cost for priority III work projects (for public agencies).

Source: U.S. Department of Labor.

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

ACTUARIAL COST ESTIMATES FOR THE OLD-AGE,
SURVIVORS, DISABILITY, AND HEALTH INSUR-
ANCE SYSTEM AS MODIFIED BY THE SOCIAL
SECURITY AMENDMENTS OF 1967



DECEMBER 11, 1967

Prepared for the use of the Committee on Ways and Means
by Robert J. Myers, actuary to the committee

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ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE SYSTEM AS MODIFIED BY THE SOCIAL SECURITY AMENDMENTS OF 1967

I. ACTUARIAL COST ESTIMATES FOR THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM

A. INTRODUCTION

This section presents both short- and long-range cost estimates for the old-age, survivors, and disability insurance system as it would be modified by the Social Security Amendments of 1967 (H.R. 12080), according to conference agreement on December 7, 1967.

From an actuarial cost standpoint, the major features of these amendments are as follows:

(1) Monthly benefits for all types of insured beneficiaries would be increased by 13 percent, with a minimum primary insurance amount of \$55.

(2) The basic benefit for transitionally insured and noninsured persons (aged 72 and over) would be increased from \$35 to \$40 per month.

(3) A maximum of \$105 per month would be made applicable to wife's benefits (having effect generally only in the distant future).

(4) Liberalized benefit protection would be available for dependents and survivors of women workers (only the same insured status requirements as for men would be applicable, instead of the stricter ones of present law).

(5) Monthly benefits would be provided for disabled widows and dependent widowers of insured workers when such survivors are aged 50-61. The benefit amount would be reduced from the full 82½ percent of the primary insurance amount payable to widows and widowers at age 62 and the reduced amount of 71½ percent at age 60, being scaled down from the latter amount, according to age at entitlement, to 50 percent for age 50.

(6) Insured status for disability benefits for young workers (under age 31) would be liberalized, so as essentially to require coverage in half the time since age 21 (or for those disabled under age 24, with coverage in half of the last 3 years).

(7) The definition of disability would be made more detailed, so as to bring out better the concepts contained in present law. The special definition of disability with respect to blindness would be broadened somewhat.

(8) The earnings (or retirement) test would be liberalized so that the annual exempt amount would be increased from \$1,500 to \$1,680 (with a corresponding increase in the monthly test). The "band" for which there is a \$1 reduction in benefits for each \$2 in

earnings (after earnings have exceeded the annual exempt amount) would be continued at \$1,200.

(9) Coverage would be extended to certain small categories of State and local government employees. The coverage basis of ministers would be revised so as to be compulsory unless the minister opts out on grounds of conscience or religious principle.

(10) The maximum taxable and creditable earnings base would be increased from \$6,600 per year to \$7,800 for 1968 and after.

(11) The contribution schedule would be revised in the manner shown in table 1 for the old-age, survivors, and disability insurance system, and in table 2 for that system and the hospital insurance system combined. Table 3 gives the maximum contributions payable by individuals, for various future years.

(12) The allocation to the disability insurance trust fund would be increased from 0.70 percent of taxable payroll (with respect to the combined employer-employee rate) to 0.95 percent. Table 4 shows the distribution of the OASDI contribution rate between OASI and DI.

TABLE 1.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER 1967 AMENDMENTS, AS COMPARED WITH THOSE UNDER PREVIOUS LAW

[In percent]

Calendar years	Combined employer-employee rate		Self-employed rate	
	Previous law	1967 amendments	Previous law	1967 amendments
1967.....	7.8	7.8	5.9	5.9
1968.....	7.8	7.6	5.9	5.8
1969-70.....	8.8	8.4	6.6	6.3
1971-72.....	8.8	9.2	6.6	6.9
1973 and after.....	9.7	10.0	7.0	7.0

TABLE 2.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE AND HOSPITAL INSURANCE UNDER 1967 AMENDMENTS, AS COMPARED WITH THOSE UNDER PREVIOUS LAW

[In percent]

Calendar years	Combined employer-employee rate		Self-employed rate	
	Previous law	1967 amendments	Previous law	1967 amendments
1967-68.....	8.8	8.8	6.4	6.4
1969-70.....	9.8	9.6	7.1	6.9
1971-72.....	9.8	10.4	7.1	7.5
1973-75.....	10.8	11.3	7.55	7.65
1976-75.....	10.9	11.4	7.6	7.7
1980-86.....	11.1	11.6	7.7	7.8
1987 and after.....	11.3	11.8	7.8	7.9

TABLE 3.—MAXIMUM CONTRIBUTION AMOUNTS UNDER 1967 AMENDMENTS FOR SELECTED YEARS

Calendar years	OASDI		HI		Total	
	Previous law	1967 amendments	Previous law	1967 amendments	Previous law	1967 amendments
Employee						
1967-----	\$257.40	\$257.40	\$33.00	\$33.00	\$290.40	\$290.40
1968-----	257.40	296.40	33.00	46.80	290.40	343.20
1969-70-----	290.40	327.60	33.00	46.80	323.40	374.40
1971-72-----	290.40	358.80	33.00	46.80	323.40	405.60
1973-75-----	320.10	390.00	36.30	50.70	356.40	440.70
1987 and after-----	320.10	390.00	52.80	70.20	372.90	460.20
Self-employed						
1967-----	\$389.40	\$389.40	\$33.00	\$33.00	\$422.40	\$422.40
1968-----	389.40	452.40	33.00	46.80	422.40	499.20
1969-70-----	435.60	491.40	33.00	46.80	468.60	538.20
1971-72-----	435.60	538.20	33.00	46.80	468.60	585.00
1973-75-----	462.00	546.00	36.30	50.70	498.30	596.70
1987 and after-----	462.00	546.00	52.80	70.20	514.80	616.20

TABLE 4.—CONTRIBUTION RATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE UNDER 1967 AMENDMENTS, SUBDIVIDED BY TRUST FUND

[In percent]

Calendar years	Combined employer—employee rate			Self-employed rate		
	OASI	DI	Total	OASI	DI	Total
1967-----	7.10	0.70	7.8	5.3750	0.5250	5.9
1968-----	6.65	.95	7.6	5.0875	.7125	5.8
1969-70-----	7.45	.95	8.4	5.5875	.7125	6.3
1971-72-----	8.25	.95	9.2	6.1875	.7125	6.9
1973 and after-----	9.05	.95	10.0	6.2875	.7125	7.0

(13) Certain additional limitations on payment of benefits to aliens outside of the United States would be introduced (primarily with respect to citizens of countries that do not provide reciprocity in regard to social security benefits for U.S. citizens and with respect to payments in countries in which the Treasury Department has suspended payments).

(14) The pay of persons in military service would be deemed to be \$100 per month higher than the amount of basic pay on which they contribute. The cost of the additional benefits arising therefrom would be paid from the general fund of the Treasury (when the benefits are paid).

(15) The effective date for the general benefit increase (and certain other parallel benefit changes) would be for February 1968 (payable at the beginning of the next month).

B. SUMMARY OF ACTUARIAL COST ESTIMATES

The old-age, survivors, and disability insurance system as modified by the 1967 amendments has an estimated cost for benefit payments and administrative expenses that is in actuarial balance with contribution income. This also was the case for the 1950 and subsequent amendments at the time they were enacted.

The separate disability insurance trust fund, established under the 1956 act, shows exact actuarial balance under the provisions that would be in effect after enactment of the 1967 amendments.

A description of the basic assumptions that are made in connection with the cost estimates for the old-age, survivors, and disability insurance system is given in appendix A. A discussion of the actuarial balance of this program in past years is presented in appendix B.

C. FINANCING POLICY

(1) Self-supporting nature of system

The Congress has always carefully considered the cost aspects of the old-age, survivors, and disability insurance system when amendments to the program have been made. In connection with the 1950 amendments, the Congress stated the belief that the program should be completely self-supporting from the contributions of covered individuals and employers. Accordingly, in that legislation the provision permitting appropriations to the system from general revenues of the Treasury was repealed. This policy has been continued in subsequent amendments. The Congress has very strongly believed that the tax schedule in the law should make the system self-supporting as nearly as can be foreseen and thus actuarially sound.

(2) Actuarial soundness of system

The concept of actuarial soundness as it applies to the old-age, survivors, and disability insurance system differs considerably from this concept as it applies to private insurance and private pension plans, although there are certain points of similarity with the latter. In connection with individual insurance, the insurance company or other administering institution must have sufficient funds on hand so that if operations are terminated, it will be in a position to pay off all the accrued liabilities. This, however, is not a necessary basis for a national compulsory social insurance system and, moreover, is frequently not the case for soundly financed private pension plans, which may not, as of the present time, have funded all the liability for prior service benefits.

It can reasonably be presumed that, under Government auspices, such a social insurance system will continue indefinitely into the future. The test of financial soundness, then, is not a question of whether there are sufficient funds on hand to pay off all accrued liabilities. Rather, the test is whether the expected future income from tax contributions and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs over the long-range period considered in the actuarial valuation. Thus, the concept of "unfunded accrued liability" does not by any means have the same significance for a social insurance system as it does for a plan established under private insurance principles, and it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group during the period considered in the valuation. These additional assets and liabilities must be considered in order to determine whether the system is in actuarial balance.

Accordingly, it may be said that the old-age, survivors, and disability insurance program is actuarially sound if it is in actuarial balance. This will be the case if the estimated future income from contributions and from interest earnings on the accumulated trust fund investments will, over the long-range period considered in the valuation, support the disbursements for benefits and administrative ex-

penses. Obviously, future experience may be expected to vary from the actuarial cost estimates made now. Nonetheless, the intent that the system be self-supporting (and actuarially sound) can be expressed in law by utilizing a contribution schedule that, according to the intermediate-cost estimate, results in the system being in balance or substantially close thereto.

The Congress believes that it is a matter for concern if the old-age, survivors, and disability insurance system shows any significant actuarial insufficiency. Traditionally, the view had been held that for the old-age and survivors insurance portion of the program, if such actuarial insufficiency has been no greater than 0.25 percent of payroll, when measured over perpetuity, it is at the point where it is within the limits of permissible variation. The corresponding point for the disability insurance portion of the system was 0.05 percent of payroll (lower because of the relatively smaller financial magnitude of this program). Based on the recommendation of the 1963-64 Advisory Council on Social Security Financing (see app. V of the 25th Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, H. Doc. No. 100, 89th Cong.), the cost estimates are now being made on a 75-year basis, rather than on a perpetuity basis. On this approach, the margin of variation from exact balance should be smaller—no more than 0.10 percent of taxable payroll for the combined old-age, survivors, and disability insurance program.

Furthermore, traditionally when there has been an actuarial insufficiency exceeding the limits indicated, any subsequent liberalizations in benefit provisions were fully financed by appropriate changes in the tax schedule or through raising the earnings base and at the same time the actuarial status of the program was improved.

The changes provided in the 1967 amendments are in conformity with these financing principles.

(3) Interrelationship with railroad retirement system

An important element affecting old-age, survivors, and disability insurance costs arose through amendments made to the Railroad Retirement Act in 1951. These provide for a combination of railroad retirement compensation and old-age, survivors, and disability insurance covered earnings in determining benefits for those with less than 10 years of railroad service and also for all survivor cases.

Financial interchange provisions are established so that the old-age and survivors insurance trust fund and the disability insurance trust fund are to be placed in the same financial position in which they would have been if railroad employment had always been covered under the program. It is estimated that, over the long range, the net effect of these provisions will be a relatively small loss to the old-age, survivors, and disability insurance system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

(4) Reimbursement for costs of pre-1957 military service wage credits

Another important element affecting the financing of the program arose through legislation in 1956 that provided for reimbursement from general revenues for past and future expenditures in respect to the noncontributory credits that had been granted for persons in military service before 1957. These financing provisions were modified

by the 1965 amendments. The cost estimates contained here reflect the effect of these reimbursements (which are included as contributions), based on the assumption that the required appropriations will be made in the future in accordance with the relevant provisions of the law. These reimbursements are intended to be made on the basis of a constant annual amount (as determined by the Secretary of Health, Education, and Welfare) for each trust fund payable over the period up to the year 2015 (with such amount subject to redetermination every 5 years).

In actual practice, the Secretary of Health, Education, and Welfare determined initially that the annual amount for the three trust funds involved (old-age and survivors insurance, disability insurance, and hospital insurance) was \$120 million. However, the Budget Document of the United States has contained requests for appropriations for only \$105 million and, to date, the appropriations have been made by the Congress on that basis.

(5) *Reimbursement for costs of additional post-1967 military service wage credits*

Under the 1967 amendments, individuals in active military service after 1967 will receive additional wage credits in excess of their cash pay (but within the maximum creditable earnings base) in recognition of their remuneration that is payable in kind (e.g., quarters and meals). These additional credits are at the rate of \$100 per month. The additional costs that arise from these credits are to be financed from general revenues on an "actual disbursements cost" basis, with reimbursement to the trust funds on as prompt a basis as possible (and with interest adjustments to make up for any delay due to the time needed to make the necessary actuarial calculations and for the necessary appropriations to be made).

In many instances, the availability of these additional wage credits will not result in additional benefits because the individual will have maximum credited earnings without them or because the year in which such credits are granted will be a dropout year in the computation of his average monthly wage. In the immediate-future years, the cost of these additional credits to the general fund will be relatively small (only a few million dollars a year) since there will be relatively few cases arising, almost all due to death and disability. After several decades, this cost might rise to as much as \$100 million per year if the size of the uniformed services remains as large as at present—and, of course, a lower figure if such size is lower.

D. INTERMEDIATE-COST ESTIMATES

(1) *Purposes of intermediate-cost estimates*

The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging them (using the dollar estimates and developing therefrom the corresponding estimates relative to payroll). The intermediate-cost estimate does not represent the most probable estimate since it is impossible to develop any such figures. Rather, it has been set down as a convenient and readily available single set of figures to use for comparative purposes.

The Congress, in enacting the 1950 act and subsequent legislation, was of the belief that the old-age, survivors, and disability insurance program should be on a completely self-supporting basis and actuari-

ally sound. Therefore, a single estimate is necessary in the development of a tax schedule intended to make the system self-supporting. Any specific schedule will necessarily be somewhat different from what will actually be required to obtain exact balance between contributions and benefits. This procedure, however, does make the intention specific, even though in actual practice future changes in the tax schedule might be necessary. Likewise, exact balance cannot be obtained from a specific set of integral or rounded tax rates increasing in orderly intervals, but rather this principle of self-support should be aimed at as closely as possible.

(2) *Interest rate used in cost estimates*

The interest rate used for computing the level-costs for the 1967 amendments is $3\frac{3}{4}$ percent for the intermediate-cost estimate. This is slightly below the average yield of the investments of the trust funds at the end of June 1967 (about 3.79 percent), and is considerably below the rate currently being obtained for new investments ($5\frac{1}{4}$ percent for October 1967).

(3) *Actuarial balance of OASDI system*

Table A, in appendix B, shows that, according to the latest cost estimates made for the 1965 act, there is a very favorable actuarial balance for the combined old-age, survivors, and disability insurance system, but that there is a deficit of 0.15 percent of taxable payroll for the disability insurance portion, and a favorable balance of 0.89 percent of taxable payroll for the old-age and survivors insurance portion.

Under the 1967 amendments, the benefit changes proposed would be financed, in large part, by utilizing the existing favorable actuarial balance and by the increases in the contribution rates and the earnings base.

Table 5 traces through the change in the actuarial balance of the system from its situation under the 1965 act, according to the latest estimate, to that under the 1967 amendments, by type of major changes involved.

TABLE 5.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM EXPRESSED IN TERMS OF ESTIMATED LEVEL-COST AS PERCENTAGE OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PREVIOUS LAW AND 1967 AMENDMENTS, BASED ON 3.75 PERCENT INTEREST

[In percent]			
Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of previous law	+0.89	-0.15	+0.74
Increase in earnings base	+ .25	+ .02	+ .27
Earnings test liberalization	- .06	(1)	- .06
Disabled widow's benefits at age 50	- .03	(2)	- .03
Special disability insured status under age 31	(2)	- .02	- .02
Liberalized benefits with respect to women workers	- .07	(1)	- .07
Benefit formula change	- .95	- .10	-1.05
Revised contribution schedule	- .02	+ .25	+ .23
Total effect of changes in 1967 amendments	- .88	+ .15	- .73
Actuarial balance under 1967 amendments	+ .61	.00	+ .61

¹ Less than 0.005 percent.

² Not applicable to this program.

Several benefit provisions have cost effects of a magnitude of less than 0.005 percent of taxable payroll when measured in terms of long-range level-costs. Such changes involving small increases in cost are the liberalization of eligibility conditions for certain adopted children, the simplification of benefit computations based on 1937-50 wages, the reduction of the length-of-marriage requirement for survivor benefits, the liberalization of the offset provision for disability benefits when workmen's compensation benefits are also payable, the reduction in the penalties for failure to file timely reports of earnings and other events, and the broadening of the special definition of disability with respect to blindness. Such changes involving small decreases in cost are the additional limitations on payment of benefits to certain aliens outside the United States.

It may be noted that the cost estimates made for the 1967 amendments did not include a reduction in cost to allow for the inclusion of the detailed definition of disability. Rather, this is considered to be a safeguard, or cost control, so that the definition in previous law would not be weakened by court decisions or otherwise. In taking this new, detailed definition into account in the actuarial cost estimates, it has been assumed that the reference to the phrase "work which exists in the national economy" as meaning "work which exists in significant numbers either in the region where such individual lives or in several regions of the country" was for the purpose of so defining the phrase as to preclude consideration of types of jobs that exist only in very limited numbers or in relatively few geographic locations—or, more specifically, that the word "significant" as used here has the meaning of "not insignificant" (rather than the meaning of "important," as is sometimes the case in popular usage).

The changes made by the 1967 amendments would maintain the sound actuarial position of the old-age, survivors, and disability insurance system. The estimated actuarial balance is +0.01 percent of taxable payroll.

It should be emphasized that in 1950 and in subsequent amendments, the Congress did not recommend that the system be financed by a high level tax rate in the future, but rather recommended an increasing schedule, which, of necessity, ultimately rises higher than such a level rate. Nonetheless, this graded tax schedule will produce a considerable excess of income over outgo for many years so that a sizable trust fund will develop, although not as large as would arise under an equivalent level tax rate. This fund will be invested in Government securities (just as is also the case for the trust funds of the civil service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems). The resulting interest income will help to bear part of the higher benefit costs of the future.

The level contribution rate equivalent to the graded schedules in the law may be computed in the same manner as level costs of benefits. These are shown in table A, in appendix B, as are also figures for the net actuarial balances, both for the 1967 amendments and for previous laws.

(4) *OASI income and outgo in near future*

Table 6 shows the progress of the old-age and survivors insurance trust fund under previous law in the past and under the 1967 amendments in the future. The trust fund increases by significant amounts in all future years under the 1967 amendments. In 1968, the trust fund increases by about \$1 billion, which is much less than the increases that occur in the next few years and, in fact, much less than the increase that occurs in 1967. The reason for the relatively small increase in 1968 as compared with 1967 is the reduction in the allocation to this trust fund (see table 4).

TABLE 6.—PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, SHORT-RANGE ESTIMATE
[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year ³
Actual data						
1951	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952	3,819	2,194	88	-----	365	17,442
1953	3,945	3,006	88	-----	414	18,707
1954	5,163	3,670	92	-----	447	20,576
1955	5,713	4,968	119	—21	454	21,663
1956	6,172	5,715	132	—7	526	22,519
1957	6,825	7,347	⁴ 162	—5	556	22,393
1958	7,566	8,327	⁴ 194	—2	552	21,864
1959	8,052	9,842	184	124	532	20,141
1960	10,866	10,677	203	282	516	20,324
1961	11,285	11,862	239	318	548	19,725
1962	12,059	13,356	256	332	526	18,337
1963	14,541	14,217	281	361	521	18,480
1964	15,089	14,914	296	423	569	19,125
1965	16,017	16,737	328	403	593	18,235
1966	20,653	18,267	256	436	644	20,570
Estimated data, 1967 amendments						
1967	\$23,210	\$19,486	\$393	\$508	\$797	\$24,190
1968	23,794	22,664	488	459	904	25,277
1969	27,454	24,166	435	530	986	28,586
1970	28,811	25,126	448	619	1,136	32,340
1971	32,478	26,145	463	601	1,386	38,995
1972	33,905	27,161	478	582	1,735	46,414

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

³ Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

⁴ These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and, likewise, the figure for 1959 is too low).

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service and for the special benefits payable to certain noninsured persons aged 72 or over.

(5) *DI income and outgo in near future*

Table 7 shows the progress of the disability insurance trust fund under previous law in the past and under the 1967 amendments in the future. The trust fund increases by significant amounts in all future years—especially as compared with previous law. This trend is the result of the increased allocation to this trust fund from the combined old-age, survivors, and disability insurance contribution rate, which more than offsets the increased outgo due to the benefit changes. The higher taxable earnings base also has an increasing effect on the trust fund.

TABLE 7.—PROGRESS OF DISABILITY INSURANCE TRUST FUND, SHORT-RANGE COST ESTIMATE

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year
Actual data						
1957	\$702	\$57	³ \$3	-----	\$7	\$649
1958	966	249	³ 12	-----	25	1,379
1959	891	457	50	-----	40	1,825
1960	1,010	568	36	-\$22	53	2,289
1961	1,038	887	64	5	66	2,437
1962	1,046	1,105	66	11	68	2,368
1963	1,099	1,210	68	20	66	2,235
1964	1,154	1,309	79	19	64	2,047
1965	1,188	1,573	90	24	59	1,606
1966	2,022	1,784	137	25	58	1,739
Estimated data, 1967 amendments						
1967	\$2,313	\$1,956	\$107	\$31	\$72	\$2,030
1968	3,236	2,390	129	44	95	2,798
1969	3,517	2,608	121	22	131	3,695
1970	3,629	2,740	123	22	171	4,610
1971	3,759	2,867	127	25	212	5,562
1972	3,880	2,985	133	29	253	6,548

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

³ These figures are artificially low because of the method of reimbursements between this trust fund and the old-age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service.

(6) Increases in benefit disbursements in 1968-72, by cause

The increases in the total benefit disbursements of the old-age, survivors, and disability insurance system in 1968, 1969, and 1972 as a result of the changes that the 1967 amendments make are shown in table 8. The major portion of the increase is due to the general benefit increase.

TABLE 8.—ESTIMATED ADDITIONAL OASDI BENEFIT PAYMENTS IN CALENDAR YEARS 1968, 1969, AND 1972 UNDER 1967 AMENDMENTS

[In millions]

Item	1968	1969	1972
General benefit increase	\$2,529	\$3,190	\$3,604
Benefit increase for transitional insured	6	7	5
Benefit increase for transitional noninsured	43	43	25
Liberalized benefits with respect to women workers	73	90	101
Special disability insured status under age 31	60	72	77
Disabled widow's benefits at age 50	50	63	73
Earnings test liberalization	140	221	244
Total	2,901	3,686	4,129

(7) Long-range operations of OASI trust fund, intermediate estimate

Table 9 gives the estimated operation of the old-age and survivors insurance trust fund under the program as changed by the 1967 amendments. It will be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future) since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is, of course, much more un-

certainty—if for no reason other than the relative difficulty in predicting future birth trends—but is is desirable and necessary nonetheless to consider these long-range possibilities under a social insurance program that is intended to operate in perpetuity.

TABLE 9.—ESTIMATED PROGRESS OF OLD-AGE AND SURVIVORS INSURANCE TRUST FUND, LONG-RANGE COST ESTIMATES

[In millions]

Calendar year	Contributions	Benefits payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year
Low-cost estimate						
1975	\$33,879	\$28,040	\$417	\$425	\$1,884	\$52,061
1980	36,879	32,177	457	260	3,369	87,867
1985	39,363	36,592	494	155	4,842	123,502
1990	42,091	40,754	532	70	6,279	158,470
1995	45,637	43,917	564	10	7,933	199,565
2000	49,695	45,539	587	-40	10,302	259,054
High-cost estimate						
1975	\$33,360	\$28,854	\$476	\$475	\$1,199	\$41,636
1980	36,138	33,355	523	340	1,836	62,498
1985	38,376	38,016	565	245	2,266	75,575
1990	40,650	42,540	620	170	2,377	78,435
1995	43,568	46,079	646	110	2,263	74,862
2000	46,798	48,336	674	60	2,165	72,475
Intermediate-cost estimate						
1975	\$33,619	\$28,447	\$446	\$450	\$1,517	\$46,781
1980	36,508	32,766	490	300	2,536	74,876
1985	38,870	37,304	530	200	3,418	98,701
1990	41,370	41,647	576	120	4,082	116,620
1995	44,602	44,998	605	60	4,688	133,683
2000	48,247	46,938	631	10	5,583	159,499
2010	54,664	52,885	704	-45	8,711	246,839
2025	62,585	76,292	930	-90	10,933	302,846

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² At interest rates of 3.75 percent for the intermediate-cost estimate, 4.25 percent for the low-cost estimate, and 3.25 percent for the high-cost estimate.

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service before 1957. No account is taken in this table of the outgo for the special benefits payable to certain noninsured persons aged 72 or over or for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint.

In every year after 1967 for the next 20 years, under the intermediate cost estimate, contribution income under the system as it would be modified is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit-outgo curve rises ahead of the contribution-income curve, the trust fund will nonetheless continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a result, this trust fund is estimated to grow steadily under the intermediate long-range cost estimate (with a level-earnings assumption), reaching well over \$100 billion by 1990 and continuing to grow thereafter.

(8) *Long-range operations of DI trust fund, intermediate estimate*

The disability insurance trust fund under the program as it would be changed grows slowly but steadily after 1967, according to the intermediate long-range cost estimate, as shown by table 10. By 1980, it reaches \$9.4 billion, and 20 years later it is at a level of \$22 billion.

TABLE 10.—ESTIMATED PROGRESS OF DISABILITY INSURANCE TRUST FUND, LONG-RANGE COST ESTIMATES

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year
Low-cost estimate						
1975.....	\$3,582	\$2,997	\$126	—\$14	\$311	\$8,264
1980.....	3,899	3,351	118	—21	493	12,654
1985.....	4,161	3,618	117	—23	710	18,001
1990.....	4,448	3,809	115	—25	988	24,900
1995.....	4,822	4,096	116	—25	1,352	33,899
2000.....	5,250	4,624	129	—25	1,797	44,803
High-cost estimate						
1975.....	\$3,528	\$3,317	\$136	—\$6	\$167	\$5,529
1980.....	3,821	3,812	147	—11	187	6,217
1985.....	4,057	4,164	155	—13	184	6,148
1990.....	4,296	4,416	161	—15	171	5,735
1995.....	4,604	4,794	172	—15	146	4,949
2000.....	4,945	5,450	195	—15	81	2,760
Intermediate-cost estimate						
1975.....	\$3,555	\$3,157	\$131	—\$10	\$232	\$6,877
1980.....	3,860	3,582	133	—16	323	9,351
1985.....	4,109	3,891	135	—18	413	11,856
1990.....	4,372	4,113	138	—20	519	14,854
1995.....	4,713	4,445	143	—20	652	18,556
2000.....	5,097	5,037	162	—20	788	22,276
2010.....	5,774	6,562	210	—20	966	25,222
2025.....	6,598	7,326	233	—20	763	21,384

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² At interest rates of 3.75 percent for the intermediate-cost estimate, 4.25 percent for the low-cost estimate, and 3.25 percent for the high-cost estimate.

Note: Contributions include reimbursement for additional cost of noncontributory credit for military service before 1957. No account is taken in this table of the outgo for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint.

(9) Long-range operations of trust funds on range basis

Table 9 shows the estimated operation of the old-age and survivors insurance trust fund under the program as it would be changed for not only the intermediate-cost estimates but also for the low- and high-cost estimates, while table 10 gives corresponding figures for the disability insurance trust fund.

Under the low-cost estimate, the old-age and survivors insurance trust fund builds up quite rapidly and in the year 2000 is shown as being about \$259 billion and is then growing at a rate of about \$14 billion a year. On the other hand, under the high-cost estimate, this trust fund builds up to a maximum of about \$78 billion in about 25 years but it decreases slowly thereafter until it is exhausted in the year 2019. Under the latter estimate, benefit disbursements are lower than contribution income during all years after 1967 and before 1986.

Under the low-cost estimate, the disability insurance trust fund grows steadily, reaching about \$13 billion in 1980 and \$45 billion in the year 2000, at which time its annual rate of growth is about \$2 billion. On the other hand, under the high-cost estimate, in the early years of operation, the contribution income only slightly exceeds the benefit outgo; accordingly, this trust fund is shown to increase to a maximum of about \$6.2 billion in 1980 and then to decrease slowly until it is exhausted in the year 2003.

The foregoing results are consistent and reasonable, since the system on an intermediate-cost-estimate basis is intended to be approximately self-supporting, as indicated previously. Accordingly, a low-cost estimate should show that the system is more than self-supporting, whereas a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950 and subsequent acts, as set forth in the committee reports therefor, the tax schedule would be adjusted in future years so that none of the developments of the trust funds under the low- and high-cost estimates shown in tables 9 and 10 would ever eventuate. Thus, if experience followed the low-cost estimate, and if the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps would not be increased in future years according to schedule. On the other hand, if the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. In any event, the high-cost estimate does indicate that, under the tax schedule adopted, there will be ample funds to meet benefit disbursements for several decades, even under relatively high-cost experience.

(10) *Benefit costs in future years relative to taxable payroll*

Table 11 shows the estimated costs of the old-age and survivors insurance benefits and of the disability insurance benefits under the program as it would be changed by the 1967 amendments as a percentage of taxable payroll for various future years, through the year 2040, and also the level-costs of the two programs for the low-, high-, and intermediate-cost estimates.

TABLE II.—ESTIMATED COST OF BENEFIT PAYMENTS OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENT OF TAXABLE PAYROLL¹

[In percent]			
Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate ²
Old-age and survivors insurance benefits			
1975.....	7.48	7.82	7.65
1980.....	7.88	8.34	8.11
1985.....	8.40	8.95	8.67
1990.....	8.75	9.45	9.09
1995.....	8.69	9.55	9.11
2000.....	8.27	9.33	8.78
2010.....	8.05	9.48	8.73
2025.....	9.72	12.50	10.99
2040.....	9.54	13.13	11.09
Level-cost ³	8.26	9.40	8.77
Disability insurance benefits			
1975.....	0.80	0.90	0.85
1980.....	.82	.95	.89
1985.....	.83	.98	.90
1990.....	.82	.98	.90
1995.....	.81	.99	.90
2000.....	.84	1.05	.94
2010.....	.95	1.24	1.08
2025.....	.91	1.23	1.05
2040.....	.94	1.27	1.08
Level-cost ³85	1.06	.95

¹ Taking into account the lower contribution rate for self-employment income and tips, as compared with the combined employer-employee rate.

² Based on the averages of the dollar payrolls and dollar costs under the low-cost and high-cost estimates.

³ Level contribution rate, at an interest rate of 3.25 percent for high-cost, 3.75 percent for intermediate-cost, and 4.25 percent for low-cost, for benefits after 1966, taking into account interest on the trust fund on December 31, 1966, future administrative expenses, the railroad retirement financial interchange provisions, and the reimbursement of military-wage-credits cost.

(11) *Level-costs of benefit payments, by type*

The level-cost of the old-age and survivors insurance benefit payments (without considering administrative expenses, the railroad retirement financial interchange, and the effect of interest earnings on the existing trust fund) under the 1965 act, according to the latest intermediate-cost estimate, is 7.91 percent of taxable payroll, and the corresponding figure for the program as it would be modified by the 1967 amendments is 8.76 percent. The corresponding figures for the disability benefits are 0.83 percent for the 1965 act and 0.94 percent for the 1967 amendments.

Table 12 presents the benefit costs for the old-age, survivors, and disability insurance system as it would be after enactment of the 1967 amendments, separately for each of the various types of benefits.

TABLE 12.—ESTIMATED LEVEL-COST OF BENEFIT PAYMENTS, ADMINISTRATIVE EXPENSES, AND INTEREST EARNINGS ON EXISTING TRUST FUND UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM UNDER 1967 AMENDMENTS, AS PERCENTAGE OF TAXABLE PAYROLL,¹ BY TYPE OF BENEFIT, INTERMEDIATE-COST ESTIMATE AT 3.75 PERCENT INTEREST

[In percent]

Item	Old-age and survivors insurance	Disability insurance
Primary benefits.....	6.03	0.75
Wife's and husband's benefits.....	.50	.05
Widow's and widower's benefits.....	1.27	(2)
Parent's benefits.....	.01	(2)
Child's benefits.....	.73	.14
Mother's benefits.....	.13	(2)
Lump-sum death payments.....	.09	(2)
Total.....	8.76	.94
Administrative expenses.....	.12	.03
Railroad retirement financial interchange.....	.04	.00
Interest on existing trust fund ³	— .15	— .02
Net total level-cost.....	8.77	.95

¹ Including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate.

² This type of benefit is not payable under this program.

³ This item includes reimbursement for additional cost of noncontributory credit for military service and is taken as an offset to the benefit and administrative expense costs.

II. ACTUARIAL COST ESTIMATES FOR THE HOSPITAL INSURANCE SYSTEM

A. INTRODUCTION

This portion of the report presents actuarial cost estimates for the hospital insurance system as changed by the 1967 amendments. The major changes in previous law—insofar as actuarial cost aspects are concerned—are as follows:

(1) The outpatient diagnostic benefits would be moved to the supplementary medical insurance system.

(2) An additional "lifetime reserve" of 60 days of hospital benefits would be provided, subject to cost-sharing of \$20 per day (initially).

(3) The maximum taxable earnings base would be increased to \$7,800 per year for 1968 and after.

(4) The contribution rate would be increased for all years after 1967 by 0.1 percent for each party (employers, employees, and self-employed).

B. SUMMARY OF ACTUARIAL COST ESTIMATES

The hospital insurance system as it would be changed by the 1967 amendments has an estimated cost for benefit payments and administrative expenses that is in long-range balance with contribution income. It is recognized that the preparation of cost estimates for hospital and related benefits is much more difficult and is much more subject to variation than cost estimates for the cash benefits of the old-age, survivors, and disability insurance system. This is so not only because the hospital insurance program is newly established, but also because of the greater number of variable factors involved in a service-benefit program than in a cash-benefit one. However, it is believed that the present cost estimates are made under conservative assumptions with respect to all foreseeable factors.

The present cost estimates are based on considerably higher assumptions as to hospital costs than were the original estimates, which were prepared in 1965 at the time that the system was established. At that time, the sharp increases that have occurred in such costs in 1966-67 were not generally predicted by experts in the field. The current assumptions are based on the testimony of several experts, as will be discussed subsequently.

These cost estimates also contain revised assumptions as to the initial level of earnings in 1966 and as to future interest-rate trends. These assumptions are the same as those used in the revised cost estimates for the old-age, survivors, and disability insurance system, described elsewhere in this report. Also, the new cost estimates for hospital insurance are based on the revised long-range estimates of beneficiaries aged 65 and over under the old-age, survivors, and disability insurance program. The latter show somewhat fewer aged beneficiaries relative to the covered population with respect to whom contributions are payable; accordingly, the cost of the hospital insurance system is reduced on account of this factor (although only partly offsetting the effect of hospital-cost trend assumptions).

The new cost estimates contain the assumption that, in the intermediate-cost estimate, administrative expenses will be $3\frac{1}{2}$ percent of the benefit payments, which is the anticipated experience in 1967-68 (as against the assumption of 3 percent in the original estimates). The administrative expenses for the low-cost and high-cost estimates are assumed to be the same proportion as in the intermediate-cost estimate.

The new cost estimates also take into account the small additional cost arising from the reimbursement bases for hospitals and extended care facilities that are now in effect, which are somewhat higher than was assumed in the original cost estimates.

The cost estimates presented here are developed on the same bases as those that were used in the committee report for the bill that was approved by the House of Representatives (H. Rept. 544), with one exception. At the hearings before the Senate Finance Committee on August 24, 1967, in answer to a question put by Senator Williams of Delaware, it was brought out that the original estimate for the extended care facility benefit—\$25 to \$50 million for calendar 1967—was low since actual experience indicated that the figure would probably be of the magnitude of \$250 to \$300 million a year (Hearings, page 371).

Unlike the cost estimate presented in the House report, the estimates in this report reflect the new cost assumptions based on the actual experience. The increased cost so included is about \$250 million in 1967 for insured persons, and increasing amounts in later years. There would also be a proportionate increased cost for the uninsured. More details on this change in actuarial cost assumption are given in appendix C.

C. FINANCING POLICY

(1) *Financing basis*

The contribution schedule contained in the 1967 amendments, with an earnings base of \$7,800 in 1968 and after, is as follows, as compared with that of previous law (with an earnings base of \$6,600):

Calendar year	[In percent]			
	Combined employer-employee rate		Self-employed rate	
	Previous law	1967 amendments	Previous law	1967 amendments
1967-----	1.0	1.0	0.50	0.50
1968-----	1.0	1.2	.50	.60
1969-72-----	1.0	1.2	.50	.60
1973-75-----	1.1	1.3	.55	.65
1976-79-----	1.2	1.4	.60	.70
1980-86-----	1.4	1.6	.70	.80
1987 and after-----	1.6	1.8	.80	.90

The combined employer-employee rate under the 1967 amendments is 0.2 percent higher in 1968 and after than under previous law. These increases, along with the additional income from the higher earnings base, would adequately finance the increased cost of the program that results from the higher hospitalization-cost assumptions used in the current estimates, as compared with those used when the program was initiated in 1965.

The hospital insurance program is completely separate from the old-age, survivors, and disability insurance system in several ways, although the earnings base is the same under both programs. *First*, the schedules of tax rates for old-age, survivors, and disability insurance and for hospital insurance are in separate subsections of the Internal Revenue Code (unlike the situation for old-age and survivors insurance as compared with disability insurance, where there is a single tax rate for both programs, but an allocation thereof into two portions). *Second*, the hospital insurance program has a separate trust fund (as is also the case for old-age and survivors insurance and for disability insurance) and, in addition, has a separate Board of Trustees from that of the old-age, survivors, and disability insurance system. *Third*, income tax withholding statements (forms W-2) show the proportion of the total contribution for old-age, survivors, and disability insurance and for hospital insurance that is with respect to the latter. *Fourth*, the hospital insurance program covers railroad employees directly in the same manner as other covered workers, and their benefit payments are paid directly from this trust fund (rather than directly or indirectly through the railroad retirement system), whereas these employees are not covered by old-age, survivors, and disability insurance (except indirectly through the financial interchange provisions). *Fifth*, the financing basis for the hospital insurance system is determined under a different approach than that used

for the old-age, survivors, and disability insurance system, reflecting the different natures of the two programs (by assuming rising earnings levels and rising hospitalization costs in future years instead of level-earnings assumptions and by making the estimates for a 25-year period rather than a 75-year one).

(2) *Self-supporting nature of system*

Just as has always been the case in connection with the old-age, survivors, and disability insurance system, the Congress has very carefully considered the various cost aspects of the hospital insurance system and proposed changes therein. In the same manner, the Congress believes that this program should be completely self-supporting from the contributions of covered individuals and employers (the transitional uninsured group covered by this program have their benefits, and the resulting administrative expenses, completely financed from general revenues). Accordingly, the Congress very strongly believes that the tax schedule in the law should make the hospital insurance system self-supporting over the long range as nearly as can be foreseen, and thus actuarially sound.

(3) *Actuarial soundness of system*

The concept of actuarial soundness as it applies to the hospital insurance system is somewhat similar to that concept as it applies to the old-age, survivors, and disability insurance system (see discussion of this topic in another section), but there are important differences.

One major difference in this concept as it applies between the two different systems is the greater difficulty in making forecast assumptions for a service benefit than for a cash benefit. Although there is reasonable likelihood that the number of beneficiaries aged 65 and over will tend to increase over the next 75 years when measured relative to covered population (so that a period of this length is both necessary and desirable for studying the cost of the cash benefits under the old-age, survivors, and disability insurance program), it is far more difficult to make reasonable assumptions as to the long-range trends of medical care costs and practices. For this reason, cost estimates for the hospital insurance program have been projected for only 25 years into the future, rather than 75 years as in the cost estimates for the old-age, survivors, and disability insurance system.

In a new program such as hospital insurance, it seems desirable that the program should be completely in actuarial balance. In order to accomplish this result, the contribution schedule has been revised to meet this requirement, according to the underlying cost estimates.

A description of the basic assumptions that are made in connection with the cost estimates for the hospital insurance system is given in appendix C.

D. RESULTS OF COST ESTIMATES

(1) *Level-costs of hospital and related benefits*

Table 13 shows the level cost of the hospital and related benefits under the 1967 amendments as a percentage of taxable payroll determined as of January 1, 1966, using an interest of $3\frac{3}{4}$ percent. These figures are based on the assumptions that the earnings base will not change in the future and that both hospitalization costs and general earnings will continue to rise during the entire 25-year period considered in the cost estimates. Also shown in table 13 are the level-

equivalents of the contribution schedules and the net actuarial balances of the system.

TABLE 13.—LEVEL-COST ANALYSIS FOR HOSPITAL INSURANCE TRUST FUND, INTERMEDIATE-COST ESTIMATE

Bill	Level-cost of benefits ¹	Level-equivalent of contributions	Actuarial balance
Previous law, original estimate.....	1.23	1.23	0.00
Previous law, revised estimate.....	1.54	1.23	— .31
1967 amendments.....	1.38	1.41	+ .03

¹ Including administrative expenses.

The estimated level-cost of the benefit payments and administrative expenses in the low-cost estimate for the 1967 amendments is 1.27 percent of taxable payroll, while the corresponding figure for the high-cost estimate is 1.76 percent. In each instance, the level-equivalent of the contribution schedule is 1.41 percent of taxable payroll.

It should be recognized that the vast majority of the level-cost of the benefit payments relates to inpatient hospital benefits. Most of the remaining cost is attributable to extended care facility benefits, with home health service benefits representing only a small portion. Currently, inpatient hospital benefits account for about 90 percent of total benefit outgo. In later years, it seems quite possible that there will be much greater use of posthospital extended care services and posthospital home health services (particularly the former), thus tending to reduce the use of hospitals and, therefore, the cost of the inpatient hospital benefits.

The estimated level-cost of the system is reduced by 0.01 percent of taxable payroll as a result of transferring the outpatient diagnostic benefits to the supplementary medical insurance system. The other changes in the benefit provisions of this program would not have any significant effect on the long-range costs. The cost of providing further days of hospital benefits beyond 90 days in a spell of illness—as is done by the “lifetime reserve” of 60 days—is relatively small. Table 14 summarizes these changes in the cost of the program and also gives data as to the value of the contribution schedule and the resulting actuarial balance.

TABLE 14.—CHANGES IN ACTUARIAL BALANCE OF HOSPITAL INSURANCE SYSTEM, EXPRESSED IN TERMS OF LEVEL-COST AS PERCENT OF TAXABLE PAYROLL, BY TYPE OF CHANGE, INTERMEDIATE-COST ESTIMATE, PREVIOUS LAW AND 1967 AMENDMENTS, BASED ON 3.75 PERCENT INTEREST

[In percent]	
Item	Level-cost
Actuarial balance of present system.....	—0.31
Increase in taxable earnings base.....	+ .15
Revised contribution schedule.....	+ .18
Transfer of outpatient diagnostic benefits to SMI.....	+ .01
Further hospital benefits beyond 90 days.....	(0)
Total effect of changes in 1967 amendments.....	+ .34
Actuarial balance under 1967 amendments.....	+ .03

¹ Less than 0.005 percent.

As indicated previously, one of the most important assumptions in the cost estimates presented herein is that the earnings base is assumed to remain unchanged, even though for the remainder of the period considered (up to 1990) the general earnings level is assumed to rise at a rate of 3 percent annually. If the earnings base does rise in the future to keep up to date with the general earnings level, then the contribution rates required would be lower than those scheduled in the 1967 amendments. In fact, if this were to occur, the steps in the contribution schedule beyond the combined employer-employee rate of 1.2 percent would not be needed if all other assumptions in the intermediate-cost estimate are realized.

The cost for the persons who are blanketed in for the hospital and related benefits is met from the general fund of the Treasury (with the financial transactions involved passing through the hospital insurance trust fund). The costs so involved, along with the financial transactions, are not included in the preceding cost analysis or in the following discussions of the progress of the hospital insurance trust fund. A later portion of this section, however, discusses these costs for the blanketed-in group.

(2) *Future operations of hospital insurance trust fund*

Table 15 shows the estimated operation of the hospital insurance trust fund under the intermediate-cost estimate and also under the low-cost and high-cost estimates.

Under the intermediate-cost estimate, the balance in the trust fund would grow steadily in the future, increasing from about \$1.3 billion at the end of 1967 to \$3.3 billion 5 years later; over the long range, the trust fund would build up steadily, reaching \$15.7 billion in 1990 (representing the disbursements for 1.4 years at the level of that time).

Under the low-cost estimate, the balance in the trust fund grows steadily, reaching \$7.5 billion in 1975 and \$36.8 billion in 1990 (at which time it represents the disbursements for 3.6 years); in actual practice, if the low-cost assumptions materialize, it would not be necessary to increase the contribution rates after 1975 as is done in the legislation. Under the high-cost estimate, which represents probably the most extreme situation from a high-cost standpoint in regard to hospital costs, the balance in the trust fund reaches a maximum of \$2.4 billion at the end of 1969, and then it decreases until it is exhausted in 1972. This estimate indicates that, despite very high assumptions as to the trend of hospital costs, the system would have sufficient funds to maintain operations for at least 4 years under these circumstances, without changing the financing provisions.

E. COST ESTIMATE FOR HOSPITAL BENEFITS FOR NONINSURED PERSONS
PAID FROM GENERAL FUNDS

Hospital and related benefits are provided not only for beneficiaries of the old-age, survivors, and disability insurance system and the railroad retirement system, but also for almost all other persons aged 65 and over in 1966 (and for many of those attaining this age in the next few years) who are not insured under either of these two social insurance systems. Such benefit protection is provided to any person aged 65 before 1968 who is not eligible as an old-age, survivors, and disability insurance or railroad retirement beneficiary, except for cer-

tain active and retired Federal employees who have (or had the opportunity of being eligible for) similar protection under the Federal Employees Health Benefits Act of 1959 and except for certain short-residence aliens.

Under previous law, persons meeting such conditions who attain age 65 after 1967 must have some old-age, survivors, and disability insurance or railroad retirement coverage to qualify—namely, 3 quarters of coverage (which can be acquired at any time after 1936) for each year elapsing after 1965 and before the year of attainment of age 65 (e.g., 6 quarters of coverage for attainment of age 65 in 1968, 9 quarters for 1969, etc.) This transitional provision “washes out” under previous law for men attaining age 65 in 1974 and for women attaining age 65 in 1972, since the fully insured status requirement for monthly benefits for such categories is then no greater than the special-insured status requirement.

TABLE 15.—ESTIMATED PROGRESS OF HOSPITAL INSURANCE TRUST FUND

[In millions]					
Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund ¹	Balance in fund at end of year
Actual data					
1966.....	\$1,911	\$767	² \$57	\$34	\$1,121
Low-cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	2,981	104	70	2,289
1969.....	4,223	3,336	117	109	3,168
1970.....	4,391	3,649	128	142	3,924
1971.....	4,564	3,932	138	169	4,587
1972.....	4,732	4,215	148	191	5,147
1973.....	5,274	4,499	157	215	5,980
1974.....	5,503	4,777	167	242	6,781
1975.....	5,695	5,055	177	266	7,510
High-cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	3,190	112	64	2,066
1969.....	4,223	3,795	133	86	2,447
1970.....	4,391	4,501	157	85	2,265
1971.....	4,564	5,292	185	57	1,409
1972.....	4,732	5,960	209	3	(³)
1973.....	5,274	6,364	223	(³)	(³)
1974.....	5,503	6,762	237	(³)	(³)
1975.....	5,695	7,161	251	(³)	(³)
Intermediate—cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	3,190	112	64	2,066
1969.....	4,223	3,636	127	90	2,616
1970.....	4,391	3,982	139	108	2,994
1971.....	4,564	4,292	150	117	3,233
1972.....	4,732	4,602	161	121	3,523
1973.....	5,274	4,912	172	125	3,638
1974.....	5,503	5,216	183	132	3,874
1975.....	5,695	5,522	193	135	3,989
1980.....	8,087	6,940	243	203	6,454
1985.....	9,241	8,690	304	373	10,731
1990.....	11,627	10,843	380	553	15,711

¹ An interest rate of 3.75 percent is used in determining the level-costs, but in developing the progress of the trust fund a varying rate in the early years has been used, ranging down from 5 percent initially to 4 percent after 1975.

² Including administrative expenses incurred in 1965.

³ Fund exhausted in 1972.

Note: The transactions relating to the noninsured persons, the costs for whom is borne out of the general funds of the Treasury, are not included in the above figures. The actual disbursements in 1966, and the balance in the trust fund by the end of the year, have been adjusted by an estimated \$174,000,000 on this account.

Under the 1967 amendments, these requirements for noninsured persons would be liberalized. Such persons attaining age 65 in 1968 would need only 3 quarters of coverage, 1969 attainments would need only 6 quarters of coverage, etc. The "washout" points would be for men attaining age 65 in 1975 and women attaining age 65 in 1974. This change would make an additional 5,000 persons who attain age 65 in 1968 eligible for hospital benefits.

The benefits for the noninsured group would be paid from the hospital insurance trust fund, but with simultaneous reimbursement therefor from the general fund of the Treasury on a current basis, or if not simultaneous, with appropriate interest adjustment.

The estimated cost to the general fund of the Treasury for the hospital and related benefits for the noninsured group (including the applicable additional administrative expenses) is as follows for the first 7 calendar years of operation (in millions):

Calendar year	Previous law	1967 amendments
1966 ¹	\$174	\$174
1967	439	439
1968	468	465
1969	474	471
1970	462	459
1971	434	432
1972	405	403

¹ Data are for last 6 months of year (estimate based on actual experience).

The estimated cost to the general fund of the Treasury decreases slowly after 1969 for the closed group involved. Offsetting, in large part, the decline in the number of eligibles blanketed-in are the increasing hospital utilization per capita as the average age of the group rises and the increasing hospital costs in future years. It may be noted that the cost is estimated to be about the same as under previous law, because the cost effect of the changes made is relatively negligible (see the previous discussion).

III. ACTUARIAL COST ESTIMATES FOR COMBINED OLD-AGE, SURVIVORS, DISABILITY, AND HOSPITAL INSURANCE SYSTEM FOR 1968-72

This section compares the benefit outgo and the contribution income in 1968-72, under the 1967 amendments and under previous law, for the old-age, survivors, and disability insurance system and the hospital insurance system combined. Such a combination is meaningful since each of these two systems is financed by payroll taxes (unlike the supplementary medical insurance system). The hospital insurance benefit outgo for noninsured persons is not included, because it is reimbursed on a current basis by the general fund of the Treasury.

The pertinent data are as follows:

[In billions]

Basis	Contribution income	Benefit outgo	Excess of contributions over benefits
Calendar year 1967: Estimated actual experience.....	\$28.5	\$24.2	\$4.3
Calendar year 1968:			
Previous law.....	29.6	25.5	4.1
1967 amendments.....	31.0	28.3	2.7
Calendar year 1969:			
Previous law.....	33.7	26.9	6.8
1967 amendments.....	35.2	30.4	4.8
Calendar year 1970:			
Previous law.....	35.2	28.2	7.0
1967 amendments.....	36.8	31.8	5.0
Calendar year 1971:			
Previous law.....	36.2	29.4	6.8
1967 amendments.....	40.8	33.3	7.5
Calendar year 1972:			
Previous law.....	37.2	30.8	6.4
1967 amendments.....	42.5	34.7	7.8

IV. ACTUARIAL COST ESTIMATES FOR THE SUPPLEMENTARY MEDICAL INSURANCE SYSTEM

A. INTRODUCTION

This portion of the report presents the actuarial cost estimates for the voluntary supplementary medical insurance program as it would be modified by the 1967 amendments. From a cost standpoint, the only significant changes that were made were as follows:

- (1) The transfer of the outpatient diagnostic benefits from the hospital insurance program to this program (except for the professional component thereof, which has always been included in the supplementary medical insurance program).
- (2) Making the deductible and coinsurance provisions inapplicable to the professional component of pathology and radiology services furnished to inpatients in hospitals.
- (3) Extending the coverage of physical therapy benefits furnished outside of hospitals.

B. SUMMARY OF ACTUARIAL COST ESTIMATES

The 1967 amendments expand somewhat the protection provided by the supplementary medical insurance program. The increase in cost for these changes, effective after March 1968, will be recognized by the Secretary of Health, Education, and Welfare in his determination of the standard premium rate for the period after March 1968. The new rate will be for April 1968 through June 1969, which will be promulgated before January 1, 1968, along with a statement of the actuarial assumptions and bases underlying the determined premium rate.

C. FINANCING POLICY

(1) *Self-supporting nature of system*

Coverage under the supplementary medical insurance program can be voluntarily elected, on an individual basis, by virtually all persons aged 65 and over in the United States. This program is intended to be completely self-supporting from the premiums of enrolled individ-

uals and from the equal-matching contributions from the general fund of the Treasury. For the initial period, July 1966 through March 1968, the premium rate is established at \$3 per month, so that the total income of the system per participant per month is \$6. Persons who do not elect to come into the system at as early a time as possible will generally have to pay a somewhat higher premium rate (10 percent higher for each full year's delay). The standard monthly premium rate can be adjusted for periods after March 1968 so as to reflect the expected experience, including an allowance for a margin for contingencies. All financial operations for this program are handled through a separate fund, the supplementary medical insurance trust fund.

Under the 1967 amendments, the standard premium rate (for persons enrolling in the earliest possible enrollment period) is generally to be determined annually on a permanent basis—namely, for April 1968 through June 1969 and then for 12-month periods beginning with July 1969 and each July thereafter. Thus, the premium periods will not correspond with the benefit periods, which are on a calendar-year basis. This will make the actuarial analysis underlying the promulgation of the premium rates more difficult. It will probably be necessary first to compute the estimated premium rates on calendar-year bases and then to prorate them for the applicable premium period. For example, under this procedure, the premium rate to be determined for the period July 1969 through June 1970 would be the average of the premium rates estimated to be suitable for calendar years 1969 and 1970 (if the premium period had been on that calendar-year basis).

The previous law provided for the establishment of an advance appropriation from the general fund of the Treasury to serve as an initial contingency reserve, in an amount equal to \$18 (or 6 months' per capita contributions from the general fund of the Treasury) times the number of individuals who were estimated to be eligible for participation in July 1966. This amount, which is approximately \$345 million (of which \$100 million has actually been appropriated), has not actually been transferred to the trust fund and will not be transferred unless, and until, some of it would be needed. This contingency amount is available only during the first 18 months of operations (July 1966 through December 1967), and any amounts actually transferred to the trust fund would be subject to repayment to the general fund of the Treasury (without interest).

Under the 1967 amendments, the availability of the contingency reserve would be extended for 2 years, through December 1969. It is anticipated that none of the authorized and appropriated funds will be needed, but the Congress believes that it is desirable to take this action so that the premium rate to be established for periods after March 1968 can be set at an intermediate level, rather than at a level that is certain to be adequate even if experience follows the high estimates. It may be noted that it has not yet been possible to make a full analysis, on an accrual basis, of the actual experience for the first year of operation (July 1966 through June 1967), so as to determine whether and to what extent a contingency reserve has been built up. In the event that the operations in the 21-month period when the initial \$3 premium rate is effective show a deficit on an accrual basis, the Congress stated its belief that this should be made up from the inclusion of a small amount in the premium rates in the next few years. It should be observed that the system may well have a con-

siderable trust-fund balance on a cash basis—due to the lag in presenting and adjudicating claims—even though it may have a deficit on an accrual basis.

The Congress stated its belief that there should be no need for any further extension of this contingency-reserve provision after 1969. By then, either sufficient contingency funds should be built up by the existing financing provisions, or else this will be able to be accomplished from the future premium rates being set at a proper level, based on adequate experience which will be available by that time.

(2) *Actuarial soundness of system*

The concept of actuarial soundness for the supplementary medical insurance system is somewhat different than that for the old-age, survivors, and disability insurance system and for the hospital insurance system. In essence, the first-mentioned system is on a "current cost" financing basis, rather than on a "long-range cost" financing basis. The situations are essentially different because the financial support of the supplementary medical insurance system comes from a premium rate that is subject to change from time to time, in accordance with the experience actually developing and with the experience anticipated in the near future. The actuarial soundness of the supplementary medical insurance program, therefore, depends only upon the "short-term" premium rates being adequate to meet, on an accrual basis, the benefit payments and administrative expenses over the period for which they are established (including the accumulation and maintenance of a contingency fund).

D. ACTUAL EXPERIENCE IN 1966-67

The actual experience of the supplementary medical insurance trust fund during calendar year 1966 and its estimated experience during calendar year 1967 (based on actual data for most of the year) are as follows (in millions):

Item	Calendar year	
	1966 ¹	1967
Premiums from participants.....	\$322	\$636
Government contributions.....	2 937	
Benefit payments.....	1,280	1,217
Administrative expenses.....	3 74	118
Interest on fund.....	2	22
Balance in fund at end of year.....	122	382

¹ Program operative (insofar as premium collection and benefit payments) only after June 1966.

² Includes matching payments for 1966. Based on actual data for period up through June 1967, and thereafter on assumption that premiums paid by participants are matched.

³ Includes small amount of administrative expenses incurred in 1965.

It should be recognized that the experience as to benefit payments has been significantly affected by lags in the presentation of claims by beneficiaries and in the adjudication and processing of claims. In all months after April 1967 benefit payments have been about \$100 million or more, so that in each month of this period the total of benefit payments and administrative expenses has exceeded the normal income from premiums and Government contributions (about \$105 million monthly). The trust fund had a maximum size of \$570 million at the end of March 1967 and decreased thereafter to \$402 million at the end of September 1967 and is estimated to be about \$380 million at the end of the year.

E. RESULTS OF COST ESTIMATES

The 1967 amendments make a number of changes in the benefit provisions of the supplementary medical insurance program, some of which expand the scope of the program, whereas several limit it slightly. The only changes which have a significant cost effect are as follows, along with the cost per participant per month relative to the current \$6 monthly premium rate (for the participant and the Government combined):

<i>Item</i>	<i>Cost</i>
Nonprofessional component of outpatient diagnostic services-----	\$0. 12
Elimination of cost-sharing for inpatient pathology and radiology-----	. 20
Extending coverage of physical-therapy services benefits-----	. 05
Total-----	<u>. 37</u>

The cost of covering certain limited services furnished by podiatrists would be very small.

The total cost of \$0.37 per month per capita relative to the current premium rate will probably be increased to about \$0.46 when the likely increase in the standard premium rate for the period after March 1968 is taken into account. This total cost of \$0.46 per month per capita is equivalent to an annual cost of \$100 million with respect to 18 million participants (half of which cost comes from the general fund of the Treasury).

APPENDIX A

BASIC ASSUMPTIONS FOR COST ESTIMATES FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM

(1) *General basis for long-range cost estimates*

Benefit disbursements may be expected to increase continuously for at least the next 50 to 70 years because of such factors as the aging of the population of the country and the slow but steady growth of the benefit roll. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the old-age, survivors and disability insurance program are affected by many elements that are difficult to determine. Accordingly, the assumptions used in the actuarial cost estimates may differ widely and yet be reasonable.

The long-range cost estimates (shown for 1975 and thereafter) are developed on a range basis so as to indicate the plausible variation in future costs depending upon the actual trends developing for the various cost factors. Both the low- and high-cost estimates are based on assumptions that are intended to represent close to full employment, with average annual earnings at about the level prevailing in 1966. The use of 1966 average earnings results in conservatism in the estimate since the trend is expected to be an increase in average earnings in future years (as will be discussed subsequently in item 5). In 1966 the aggregate amount of earnings taxable under the program was \$314 billion. Of course, for future years the total taxable earnings are estimated to be larger because of the higher earnings base and are estimated to increase, because there will be larger numbers of covered workers. Intermediate estimates developed directly from the low- and high-cost estimates (by averaging their components) are shown so as to indicate the basis for the financing provisions.

The cost estimates are extended beyond the year 2000, since the aged population itself cannot mature by then. The reason for this is that the number of births in the 1930's was very low as compared with both prior and subsequent experience. As a result, there will be a dip in the relative proportion of the aged from 1995 to about 2015, which would tend to result in low benefit costs for the old-age, survivors, and disability insurance system during that period. For this reason the year 2000 is by no means a typical ultimate year insofar as costs are concerned.

(2) *Measurement of costs in relation to taxable payroll*

In general, the costs are shown as percentages of taxable payroll. This is the best measure of the financial cost of the program. Dollar figures taken alone are misleading. For example, a higher earnings level will increase not only the outgo of the system but also, and to a greater extent, its income. The result is that the cost relative to payroll will decrease. As an illustration of the foregoing points, consider an individual who has covered earnings at a rate of \$300 per month. Under the 1967 amendments, this individual has a primary

insurance amount of \$127.10. If his earnings rate should be 50 percent higher (i.e., \$450), his primary insurance amount would be \$165. Under these conditions, the contributions payable with respect to his earnings would increase by 50 percent, but his benefit rate would increase by only 30 percent. Or, to put it another way, when his earnings rate was \$300 per month, his primary insurance amount represented 42.4 percent of his earnings, whereas, when his earnings increased to \$450 per month, his primary insurance amount relative to his earnings decreased to 36.7 percent.

(3) *General basis for short-range cost estimates*

The short-range cost estimates (shown for the individual years 1967–72) are not presented on a range basis since—assuming a continuation of present economic conditions—it is believed that the demographic factors involved (such as mortality, fertility, retirement rates, and so forth) can be reasonably closely forecast, so that only a single estimate is necessary. A gradual rise in the earnings level in the future (about 3 percent per year), somewhat below that which has occurred in the past few years, is assumed. As a result of this assumption, contribution income is somewhat higher than if level earnings were assumed, while benefit outgo is only slightly affected.

The cost estimates have been prepared on the basis of the same assumptions and methodology as those contained in the 1967 Annual Report of the Board of Trustees (H. Doc. No. 65, 90th Cong.).

(4) *Level-cost concept*

An important measure of long-range cost is the level-equivalent contribution rate required to support the system for the next 75 years (including not only meeting the benefit costs and administrative expenses, but also the maintenance of a reasonable contingency fund during the period, which at the end of the period amounts to 1 year's disbursements), based on discounting at interest. If such a level rate were adopted, relatively large accumulations in the old-age and survivors insurance trust fund would result, and in consequence there would be sizable eventual income from interest. Even though such a method of financing is not followed, this concept may be used as a convenient measure of long-range costs. This is a valuable cost concept, especially in comparing various possible alternative plans and provisions, since it takes into account the heavy deferred benefit costs.

(5) *Future earnings assumptions*

The long-range estimates for the old-age, survivors, and disability insurance program are based on level-earnings assumptions, under which earnings levels of covered workers by age and sex will continue over the next 75 years at the levels experienced in 1966. This, however, does not mean that covered payrolls are assumed to be the same each year; rather, they will rise steadily as the covered population at the working ages is estimated to increase. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs relative to payroll will remain the same as now estimated for the present system, then the increased dollar outgo resulting will offset the increased dollar income. This is an important reason for considering costs relative to payroll rather than in dollars.

The long-range cost estimates have not taken into account the possibility of a rise in earnings levels, although such a rise has character-

ized the past history of this country. If such an assumption were used in the cost estimates, along with the unlikely assumption that the benefits, nevertheless, would not be changed, the cost relative to payroll would, of course, be lower.

It is important to note that the possibility that a rise in earnings levels will produce lower costs of the old-age, survivors, and disability insurance program in relation to payroll is a very important safety factor in the financial operations of this system. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings. If experience follows the high-cost assumptions, additional financing will be necessary. However, if covered earnings increase in the future as in the past, the resulting reduction in the cost of the program (expressed as a percentage of taxable payroll) will more than offset the higher cost arising under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (to a lesser degree than the increase in the earnings level). However, the possibility of future increases in earnings levels should be considered only as a safety factor and not as a justification for adjusting benefits upward in anticipation of such increases.

If benefits are adjusted currently to keep pace fully with rising earnings as they occur, the year-by-year costs as a percentage of payroll would be unaffected. If benefits are increased in this manner, the level-cost of the program would be higher than now estimated, since under such circumstances, the relative importance of the interest receipts of the trust funds would gradually diminish with the passage of time. If earnings and benefit levels do consistently rise, thorough consideration will need to be given to the financing basis of the system because then the interest receipts of the trust funds will not meet as large a proportion of the benefit costs as would be anticipated if the earnings level had not risen.

APPENDIX B

ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM IN PAST YEARS

(1) *Status after enactment of 1952 act*

The actuarial balance under the 1952 act¹ was estimated, at the time of enactment, to be virtually the same as in the estimates made at the time the 1950 act was enacted, as shown in table A. This was the case, because the estimates for the 1952 act took into consideration the rise in earnings levels in the 3 years preceding the enactment of that act. This factor virtually offset the increased cost due to the benefit liberalizations made. New cost estimates made 2 years after the enactment of the 1952 act indicated that the level-cost (i.e., the average long-range cost, based on discounting at interest, relative to taxable payroll) of the benefit disbursements and administrative expenses was somewhat more than 0.5 percent of payroll higher than the level equivalent of the scheduled taxes (including allowance for interest on the existing trust fund).

¹ The term "1952 act" (and similar terms) is used to designate the system as it existed after the enactment of the amendments of that year.

TABLE A.—ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM UNDER VARIOUS ACTS FOR VARIOUS ESTIMATES, INTERMEDIATE-COST BASIS

[Percent]				
Legislation	Date of estimate	Level-equivalent ¹		
		Benefit costs ²	Contributions	Actuarial balance ³
Old-age, survivors, and disability insurance ⁴				
1935 act	1935	5.36	5.36	0.00
1939 act	1939	5.22	5.30	+ .08
1939 act (as amended in the 1940's) ⁵	1950	4.45	3.98	- .47
1950 act	1950	6.20	6.10	- .10
1950 act	1952	5.49	5.90	+ .41
1952 act	1952	6.00	5.90	- .10
1952 act	1954	6.62	6.05	- .57
1954 act	1954	7.50	7.12	- .38
1954 act	1956	7.45	7.29	- .16
1956 act	1956	7.85	7.72	- .13
1956 act	1958	8.25	7.83	- .42
1958 act	1958	8.76	8.52	- .24
1958 act	1960	8.73	8.68	- .05
1960 act	1960	8.98	8.68	- .30
1961 act	1961	9.35	9.05	- .30
1961 act	1963	9.33	9.02	- .31
1961 act (perpetuity basis)	1964	9.36	9.12	- .24
1961 act (75-year basis)	1964	9.09	9.10	+ .01
1965 act	1965	9.49	9.42	- .07
1965 act	1966	8.76	9.50	+ .74
1967 amendments	1967	9.72	9.73	+ .01
Old-age and survivors insurance ⁴				
1956 act	1956	7.43	7.23	-0.20
1956 act	1958	7.90	7.33	- .57
1958 act	1958	8.27	8.02	- .25
1958 act	1960	8.38	8.18	- .20
1960 act	1960	8.42	8.18	- .24
1961 act	1961	8.79	8.55	- .24
1961 act	1963	8.69	8.52	- .17
1961 act (perpetuity basis)	1964	8.72	8.62	- .10
1961 act (75-year basis)	1964	8.46	8.69	+ .24
1965 act	1965	8.82	8.72	- .10
1965 act	1966	7.91	8.80	+ .89
1967 amendments	1967	8.77	8.78	+ .01
Disability insurance ⁴				
1956 act	1956	0.42	0.49	+0.07
1956 act	1958	.35	.50	+ .15
1958 act	1958	.49	.50	+ .01
1958 act	1960	.35	.50	+ .15
1960 act	1960	.56	.50	- .06
1961 act	1961	.56	.50	- .06
1961 act	1963	.64	.50	- .14
1961 act (perpetuity basis)	1964	.64	.50	- .14
1961 act (75-year basis)	1964	.63	.50	- .13
1965 act	1965	.67	.70	+ .03
1965 act	1966	.85	.70	- .15
1967 amendments	1967	.95	.95	.00

¹ Expressed as a percentage of effective taxable payroll, including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate. Estimates prepared before 1964 are on a perpetuity basis, while those prepared after 1964 are on a 75-year basis. The estimates prepared in 1964 are on both bases.

² Including adjustments (a) to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate, (b) for the interest earnings on the existing trust fund, (c) for administrative expense costs, and (d) for the net cost of the financial interchange with the railroad retirement system.

³ A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

⁴ The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

⁵ The major changes being in the revision of the contribution schedule; as of the beginning of 1950, the ultimate combined employer-employee rate scheduled was only 4 percent.

(2) Status after enactment of 1954 act

Under the 1954 act, the increase in the contribution schedule met all the additional cost of the benefit changes and at the same time reduced substantially the actuarial insufficiency that the then current estimates had indicated in regard to the financing of the 1952 act.

(3) *Status after enactment of 1956 act*

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level that had occurred since 1951-52, the period that had been used for the earnings assumptions for the estimates made in 1954. Taking this factor into account reduced the lack of actuarial balance under the 1954 act to the point where, for all practical purposes, it was nonexistent. The benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided. Accordingly, the actuarial balance of the system was unaffected.

Following the enactment of the 1956 legislation, new cost estimates were made to take into account the developing experience; also, certain modified assumptions were made as to anticipated future trends. In 1956-57, there were very considerable numbers of retirements from among the groups newly covered by the 1954 and 1956 amendments, so that benefit expenditures ran considerably higher than had previously been estimated. Moreover, the analyzed experience for the recent years of operation indicated that retirement rates had risen or, in other words, that the average retirement age had dropped significantly. The cost estimates made in early 1958 indicated that the program was out of actuarial balance by somewhat more than 0.4 percent of payroll.

(4) *Status after enactment of 1958 act*

The 1958 amendments recognized this situation and provided additional financing for the program—both to reduce the lack of actuarial balance and also to finance certain benefit liberalizations made. In fact, one of the stated purposes of the legislation was “to improve the actuarial status of the trust funds.” This was accomplished by introducing an immediate increase (in 1959) in the combined employer-employee contribution rate, amounting to 0.5 percent, and by advancing the subsequently scheduled increases so that they would occur at 3-year intervals (beginning in 1960) instead of at 5-year intervals.

The revised cost estimates made in 1958 for the disability insurance program contained certain modified assumptions that recognized the emerging experience under the new program. As a result, the moderate actuarial surplus originally estimated was increased somewhat, and most of this was used in the 1958 amendments to finance certain benefit liberalizations, such as inclusion of supplemental benefits for certain dependents and modification of the insured status requirements.

(5) *Status after enactment of 1960 act*

At the beginning of 1960, the cost estimates for the old-age survivors, and disability insurance system were reexamined and were modified in certain respects. The earnings assumption had previously been based on the 1956 level, and this was changed to reflect the 1959 level. Also, data first became available on the detailed operations of the disability provisions for 1956, which was the first full year of operation that did not involve picking up “backlog” cases. It was found that the number of persons who met the insured status conditions to be eligible for these benefits had been significantly over estimated. It was also found that the disability incidence experience for eligible women was considerably lower than had been originally estimated, although the experience for men was very close to the intermediate estimate. Accordingly, revised assumptions were made

in regard to the disability insurance portion of the program. As a result, the changes made by the 1960 amendments could, according to the revised estimates, be made without modifying the financing provisions.

(6) *Status after enactment of 1961 act*

The changes made by the 1961 amendments involved an increased cost that was fully met by the changes in the financing provisions (namely, an increase in the combined employer-employee contribution rate of 0.25 percent, a corresponding change in the rate for the self-employed, and an advance in the year when the ultimate rates would be effective—from 1969 to 1968). As a result, the actuarial balance of the program remained unchanged.

Subsequent to 1961, the cost estimates were further reexamined in the light of developing experience. The earnings assumption was changed to reflect the 1963 level, and the interest-rate assumption used was modified upward to reflect recent experience. At the same time, the retirement rate assumptions were increased somewhat to reflect the experience in respect to this factor. The further developing disability experience indicated that costs for this portion of the program were significantly higher than previously estimated (because benefits were not being terminated by death or recovery as rapidly as had been originally assumed). Accordingly, the actuarial balance of the disability insurance program was shown to be in an unsatisfactory position, and this had been recognized by the Board of Trustees, who recommended that the allocation to this trust fund should be increased (while, at the same time, correspondingly decreasing the allocation to the old-age and survivors insurance trust fund, which under the law in effect at that time was estimated to be in satisfactory actuarial balance even after such a reallocation).

(7) *Status after enactment of 1965 act*

The changes made by the 1965 amendments involved an increased cost that was closely met by the changes in their financing provisions (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). The actuarial balance of the program remained virtually unchanged.

In 1966, the cost estimates for the old-age, survivors, and disability insurance system were completely revised, based on the availability of new data since the last complete revision was made in 1963. The new estimates showed significantly lower costs for the old-age and survivors insurance portion of the system, but higher costs for the disability insurance portion. The factors leading to lower costs were as follows: (1) 1966 earnings levels, instead of 1963 ones; (2) an interest rate of $3\frac{3}{4}$ percent for the intermediate-cost estimate, instead of $3\frac{1}{2}$ percent; (3) an assumption of greater future participation of women in the labor force (resulting in reduction in cost of the program because of the "antiduplication of benefits" provision as between women's primary benefits and wife's or widow's benefits); (4) an assumption of less improvement in future mortality than had previously been assumed; and (5) an assumption that, despite a significant decline in future fertility rates, such decline would not occur as rapidly as had been assumed previously.

The cost of the disability insurance system was estimated to be significantly higher, as a result of increasing the disability prevalence

rates. This change was necessary to reflect the substantially larger number of disability beneficiaries coming on the roll with respect to disabilities occurring in 1964 and after, which experience had not been available in 1965 when the cost estimates for the legislation of that year were considered.

For more details on these revised cost estimates for the old-age, survivors, and disability insurance system, see *Actuarial Study No. 63* of the Social Security Administration, Department of Health, Education, and Welfare, January 1967.

APPENDIX C

HOSPITALIZATION DATA AND ASSUMPTIONS FOR COST ESTIMATES FOR HOSPITAL INSURANCE SYSTEM

(1) *Past increases in hospital costs and in earnings*

Table B presents a summary comparison of the annual increases in hospital costs and the corresponding increases in wages that have occurred since 1954 and up through 1966.

The annual increases in earnings are based on those in covered employment under the old-age, survivors, and disability insurance system as indicated by first-quarter taxable wages, which by and large are not affected by the maximum taxable earnings base. The data on increases in hospital costs are based on a series of average daily expense per patient day (including not only room and board but also other inpatient charges and other expenditures of hospitals) prepared by the American Hospital Association.

TABLE B.—COMPARISON OF ANNUAL INCREASE IN HOSPITAL COSTS AND IN EARNINGS
[In percent]

Year	Increase over previous year	
	Average wages in covered employment ¹	Average daily hospitalization costs ²
1955.....	3.8	6.3
1956.....	5.7	4.5
1957.....	5.5	7.7
1958.....	3.3	8.6
1959.....	3.3	6.8
1960.....	4.3	6.8
1961.....	3.1	8.5
1962.....	4.2	5.3
1963.....	2.4	5.6
Average for 1954-63 ³	4.0	6.7
1964.....	3.1	6.9
1965.....	1.6	7.0
1966.....	4.4	8.3

¹ Data are for calendar years (based on experience in first quarter of year).

² Data are for fiscal years ending in September of year shown. When the data are adjusted on a calendar-year basis, the increase from 1965 to 1966 was determined to be 11.0 percent.

³ Rate of increase compounded annually that is equivalent to total relative increase from 1954 to 1963.

The annual increases in earnings fluctuated somewhat over the 10-year period up through 1963, although there were not very large deviations from the average annual rate of 4 percent; no upward or downward trend over the period is discernible. The annual increases in hospital costs likewise fluctuated from year to year during this period, around the average annual rate of 6.7 percent.

During the period 1954–63, hospital costs increased at a faster rate than earnings. The differential between these two rates of increase fluctuated widely, being as high as somewhat more than 5 percent in some years and as low as a negative differential of about 1 percent in 1956 (with the next lowest differential being a positive one of about 1 percent in 1962). Over the entire 10-year period, the differential of the average annual rate of increase in hospital costs over the average annual rate of increase in earnings was 2.7 percent.

In 1964–66, the increases in hospital costs as compared to the increase in wages resulted in differentials that are in excess of the 2.7 percent applicable in 1954–63. The 1967 experience to date shows a slightly higher rate of increase in hospital costs than did 1966.

In the future, earnings are estimated to increase at a rate of about 3 percent per year. It is much more difficult to predict what the corresponding increase in hospital costs will be.

(2) *Effect on cost estimates of rising hospital costs*

A major consideration in making cost estimates for hospital benefits, then, is how long and to what extent the tendency of hospital costs to rise more rapidly than the general earnings level will continue in the future, and whether or not it may, in the long run, be counterbalanced by a trend in the opposite direction. Some factors to consider are the relatively low wages of hospital employees (which have been rapidly “catching up” with the general level of wages and obviously may be expected to “catch up” completely at some future date, rather than to increase indefinitely at a more rapid rate than wages generally) and the development of new medical techniques and procedures, with resultant increased expense.

In connection with this factor, there are possible counterbalancing factors. The higher costs involved for more refined and extensive treatments may be offset by the development of out-of-hospital facilities, shorter durations of hospitalization, and less expense for subsequent curative treatments as a result of preventive measures. Also, it is possible that at some time in the future, the productivity of hospital personnel will increase significantly as the result of changes in the organization of hospital services or for other reasons, so that, as in other fields of economic activity, the general wage level might increase more rapidly than hospitalization prices in the long run.

Perhaps the major consideration in making actuarial cost estimates for hospital benefits is that—unlike the situation in regard to cost estimates for the monthly cash benefits, where the result is the opposite—an unfavorable cost result is shown when total earnings levels rise, unless the provisions of the system are kept up to date (insofar as the maximum taxable earnings base is concerned). The reason for this result is that hospital costs rise at least at the same rate over the long run as the total earnings level, whereas the contribution income rises less rapidly than the total earnings level, unless the earnings base is kept up to date.

For these reasons, the cost estimates are based on the assumption that both hospital costs and wages will increase in the future for the entire 25-year period considered, while at the same time the earnings base will not change. The fact that the cost-sharing provisions (the initial hospital deductible and coinsurance features) are on a dynamic basis, which automatically varies after 1968 in accordance with

changes in hospital costs, results in lower estimated costs than if these provisions were on a static, unchanging basis.

(3) Assumptions as to relative trends of hospital costs and earnings underlying cost estimates

As indicated previously, the financing basis of the hospital insurance program should be developed on a conservative basis. For the reasons brought out, the cost estimates should not be developed on a level-earnings basis, but rather they should assume dynamic conditions as to both earnings levels and hospitalization costs. Accordingly, it seems appropriate to make cost projections for only 25 years in the future and to develop the financing necessary for only this period (but with a resulting trust fund balance at the end of the period equal to about 1 year's disbursements). Although the trend of beneficiaries aged 65 and over relative to the working population will undoubtedly move in an upward direction after 25 years from now, it seems impossible to predict what the trend of medical costs and of hospital-utilization and medical-practice experience will be in the distant future.

Several estimates of the short-term future trend of hospital costs have been made by experts in this field. All of these are well above the rate of 5.7 percent per year until 1970 that was assumed in the initial cost estimates for the program made when it was enacted in 1965. The American Hospital Association has estimated an annual rate of increase of as much as 15 percent for the next 3 to 5 years. The Blue Cross Association has made a corresponding estimate of 9 percent per year in the period up to 1970.

Three sets of assumptions as to the short-term trend of hospital costs have been made for the cost estimates presented here. These are shown in table C. In each case, the annual rates of increase are assumed to merge with those used in the initial cost estimates for the program for 1971 for the low-cost and intermediate-cost assumptions and 1973 for the high-cost assumptions—namely, increases slightly above the increases in the earnings level from these dates until about 1975, and then the same increases. The low-cost set of assumptions yields about the same result as the Blue Cross prediction, while the high-cost set corresponds to the highest American Hospital Association prediction. The intermediate-cost set is used to develop the financing provisions of the legislation.

TABLE C.—ASSUMPTIONS AS TO FUTURE RATES OF INCREASE IN HOSPITAL COSTS

[In percent]			
Calendar year	Low-cost	Intermediate-cost	High-cost
1967.....	12.0	15.0	15.0
1968.....	10.0	15.0	15.0
1969.....	8.0	10.0	15.0
1970.....	6.0	6.0	15.0
1971.....	5.2	5.2	15.0
1972.....	4.6	4.6	10.0
1973.....	4.1	4.1	4.1
1974.....	3.6	3.6	3.6
1975 and after.....	3.0	3.0	3.0

(4) *Assumptions as to hospital utilization rates underlying cost estimates*

The hospital utilization assumptions for the cost estimates in this report are founded on the hypothesis that current practices in this field will not change relatively more in the future than past experience has indicated. In other words, no account is taken of the possibility that there will be a drastic change in philosophy as to the best medical practices, so as, for example, to utilize in-hospital care to a much greater extent than is now the case.

The hospital utilization rates used for the cost estimates are the same as those used in the initial cost estimates for the program. Analysis of the actual experience for the first 6 months of operation (the last half of 1966) seems to indicate that it is close to the original assumptions, although somewhat higher.

(5) *Assumptions as to hospital per diem rates underlying cost estimates*

The average daily cost of hospitalization that is used in these cost estimates is computed on the same basis as the corresponding figures in the initial cost estimates that were prepared when the legislation was enacted in 1965. Specifically, an average of about \$38.50 per day was used for the reimbursement principles under previous law for 1966 and was projected for future years in the manner described previously. Analysis of the experience for 1966, for which complete data are not yet available, indicates that this assumption was close to what actually occurred, although possibly somewhat higher.

(6) *Assumptions as to extended care facility benefits underlying cost estimates*

The limited experience that is available to date in regard to the extended care facility benefits indicates that their cost will be considerably in excess of the initial estimates. It now appears that these benefits will amount to about \$250 to \$300 million in the first year of operation (calendar year 1967) as against the estimate of \$25 to \$50 million. The apparent major reason for this difference is the much larger number of facilities that qualified than had been expected according to the estimate. It should also be recognized that the original estimate was made on the basis of relatively little data, since this type of benefit had not been widely provided previously.

Accordingly, the cost estimates have been modified by increasing the estimated benefit outgo in 1967, as presented in previous cost estimates, by \$250 million with respect to insured persons (and a proportionate amount for noninsured persons). This figure is increased each future year up through 1975 by the assumed increases in hospitalization costs. After 1975, the same assumption as to hospitalization-cost increases is continued, but the resulting figure is gradually scaled down until it is taken as zero for 1990 (since the estimate for that year already includes the ultimate costs for extended care facility benefits). Appropriate corresponding assumptions are made for the noninsured group, taking into account its decreasing size (as well as its greater relative use of the extended care facility benefits).

APPENDIX D

MATHEMATICAL ANALYSIS OF BENEFIT FORMULA

This appendix presents a mathematical analysis of the new benefit formula provided by the 1967 amendments. Included within the scope of this term are the basis of the primary insurance amounts (the sum payable to the insured worker who retires at or after age 65 or for disability, which is also the base from which all other types of benefits are computed) and the basis of the maximum family benefit amounts. Also discussed will be the potential effective times for the maximum primary insurance amount and the maximum wife's benefit.

(1) *Formula for primary insurance amount*

Under the 1965 act, the formula for computing the primary insurance amount (PIA) from the average monthly wage (AMW) is as follows:

- (a) 62.97% of the first \$110 of AMW, plus
- (b) 22.90% of the next \$290 of AMW, plus
- (c) 21.40% of the next \$150 of AMW.

The result is subject to a minimum of \$44 (for AMW's of \$67 or less). Further, for AMW's of \$68 to \$84, the PIA amounts shown in the benefit table in the law are slightly higher than what the benefit formula produces (because of certain adjustments that were necessary in previous amendments). In all other instances, the result of using the benefit formula closely approximates the amounts in the benefit table in the law.

Under the 1967 amendments, the underlying intent is to move away from the three-part formula toward a two-part formula. Thus, the intent is that, for the maximum AMW, the second percentage factor should apply to the excess of this AMW over the \$110 breaking point, where the second factor first applies. It is not possible, however, to achieve this result merely by eliminating in the formula the third step (or part of it) because, by doing so, then the uniform general benefit increase provided in the 1967 amendments would, in fact, not produce the same relative benefit increase for all AMW's, but rather the increase would be larger for AMW's in the third step (\$400 to \$550). As a result, the use of four percentage factors is required.

The benefit formula under the 1967 amendments is, as a result of this approach, as follows:

- (a) 71.16% of the first \$110 of AMW, plus
- (b) 25.88% of the next \$290 of AMW, plus
- (c) 24.18% of the next \$150 of AMW, plus
- (d) 28.43% of the next \$100 of AMW.

The result is subject to a minimum of \$55 (for AMW's of \$74 or less). The first three percentage factors are merely 113 percent of the factors in the 1965 act formula (rounded to the nearest 0.01 percent). The fourth factor has been determined so that for the case of the maximum AMW, the result of applying the third and fourth factors to the excess over \$400 (i.e. $\$650 - \$400 = \$250$) is the same as applying the second factor to such \$250 of AMW. Specifically, 24.18% of \$150 plus 28.43% of \$100 equals 25.88% of \$250.

(2) *Formula for computing maximum family benefit*

The maximum family benefit (MFB) under the 1965 act is determined as follows:

(a) For AMW's equal to or less than two-thirds of the maximum AMW—80% of AMW.

(b) For AMW's in excess of two-thirds of the maximum AMW—80% of the first two-thirds of the maximum AMW, plus 40% of the remainder of the AMW over such two-thirds.

In any event, the MFB is not to be less than $1\frac{1}{2}$ times the particular PIA. (The reference to AMW means, not the actual AMW of the individual, but the AMW at the top of the range of AMW's which produces the individual's PIA.) It may be noted that the result of this basis for the MFB is to produce an MFB for the maximum-AMW case equal to two-thirds of AMW (subject to a rounding variation).

The MFB under the 1967 amendments is determined under the same basis. Specifically, the 80% factor applies to AMW's up to and including \$436 (which is the upper limit of the range of AMW's within which exactly two-thirds of the maximum AMW of \$650 falls). The maximum MFB (\$434.40) is 66.8 percent of the maximum AMW.

(3) *Time when maximum primary insurance is possible*

The AMW is generally computed over the period after 1950 (or year of attainment of age 21, if later) and before the year of attainment of age 65 for men (age 62 for women), the year of death, or the year of disability (whichever occurs first), but with a dropout of the lowest 5 years. Accordingly, many persons will have their AMW computed over years when the earnings base was less than the \$7,800 base in the 1967 amendments. For example, a man retiring at age 65 at the beginning of 1980 who has had maximum covered earnings in all years after 1950 would have an AMW of \$531 (as compared with the \$650 maximum). Not until the year 2006 could such a man have an AMW of \$650.

In retirement cases, it is possible, however, for a person to have the \$650 maximum AMW as early as 1973, because of the provision that years of high earnings after age 65 for men (age 62 for women) can be used to substitute for low prior years. A man who is age 77 or over at the beginning of 1973 (or a woman then age 74 or over) and who has had covered earnings at the maximum in 1968–72 has then an AMW of \$650.

In death and disability cases involving young workers, the \$650 maximum AMW is possible in 1970 (after 2 years of coverage at the \$7,800 maximum). This is so in the case of death or disability at age 29 or under.

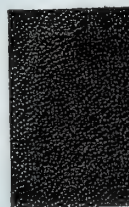
(4) *Effect of maximum wife's benefit*

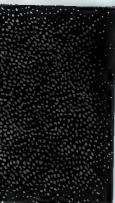
The 1967 amendments introduce for the first time, a special maximum on the wife's benefit—namely, \$105 per month. This has effect only for PIA's of \$211 or more (up to the maximum PIA of \$218), and such PIA's are based on AMW's of \$624 or more.

As demonstrated in the preceding section, in only rare cases will AMW's of this magnitude occur for retirement cases in the near future. However, it will be readily possible for the maximum-wife's-benefit provision to operate in disability cases in 1970. For example, if a man

now aged 23 has covered earnings of \$7,800 in both 1968 and 1969 and becomes disabled then, his AMW for benefits in 1970 will be \$650. If he has a wife and one child, the family benefit will be \$432 per month—\$218 as his primary benefit, \$109 as the child's benefit, and \$105 as the wife's benefit (reduced from \$109 by the maximum-benefit provision).









Public Law 90-248
90th Congress, H. R. 12080
January 2, 1968

An Act

81 STAT. 821

To amend the Social Security Act to provide an increase in benefits under the old-age, survivors, and disability insurance system, to provide benefits for additional categories of individuals, to improve the public assistance program and programs relating to the welfare and health of children, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Social Security Amendments of 1967".

Social Security
Amendments of
1967.

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TITLE I—OLD-AGE, SURVIVORS, DISABILITY, AND HEALTH INSURANCE

PART 1—BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

79 Stat. 361.
 42 USC 415.

SEC. 101. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

“TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

“I ° (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
	\$15.60	\$48.00 or less		\$74	\$55.00	\$82.50
\$15.61	16.20	49.00	\$75	76	55.40	83.10
16.21	16.84	50.00	77	78	56.50	84.80
16.85	17.60	51.00	79	80	57.70	86.60
17.61	18.40	52.00	81	81	58.80	88.20
18.41	19.24	53.00	82	83	59.90	89.90
19.25	20.00	54.00	84	85	61.10	91.70
20.01	20.64	55.00	86	87	62.20	93.30
20.65	21.28	56.00	88	89	63.30	95.00
21.29	21.88	57.00	90	90	64.50	96.80
21.89	22.28	58.00	91	92	65.60	98.40
22.29	22.68	59.00	93	94	66.70	100.10
22.69	23.08	60.00	95	96	67.80	101.70
23.09	23.44	61.00	97	97	69.00	103.50
23.45	23.76	62.10	98	99	70.20	105.30
23.77	24.20	63.20	100	101	71.50	107.30
24.21	24.60	64.20	102	102	72.60	108.90
24.61	25.00	65.30	103	104	73.80	110.70
25.01	25.48	66.40	105	106	75.10	112.70
25.49	25.92	67.50	107	107	76.30	114.50
25.93	26.40	68.50	108	109	77.50	116.30
26.41	26.94	69.60	110	113	78.70	118.10
26.95	27.46	70.70	114	118	79.90	119.90
27.47	28.00	71.70	119	122	81.10	121.70
28.01	28.68	72.80	123	127	82.30	123.50

January 2, 1968

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Pub. Law 90-248

81 STAT. 825

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM
FAMILY BENEFITS—Continued

I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary insurance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
\$28.69	\$29.25	\$73.90	\$128	\$132	\$83.60	\$125.40
29.26	29.68	74.90	133	136	84.70	127.10
29.69	30.36	76.00	137	141	85.90	128.90
30.37	30.92	77.10	142	146	87.20	130.80
30.93	31.36	78.20	147	150	88.40	132.60
31.37	32.00	79.20	151	155	89.50	134.30
32.01	32.60	80.30	156	160	90.80	136.20
32.61	33.20	81.40	161	164	92.00	138.00
33.21	33.88	82.40	165	169	93.20	139.80
33.89	34.50	83.50	170	174	94.40	141.60
34.51	35.00	84.60	175	178	95.60	143.40
35.01	35.80	85.60	179	183	96.80	146.40
35.81	36.40	86.70	184	188	98.00	150.40
36.41	37.08	87.80	189	193	99.30	154.40
37.09	37.60	88.90	194	197	100.50	157.60
37.61	38.20	89.90	198	202	101.60	161.60
38.21	39.12	91.00	203	207	102.90	165.60
39.13	39.68	92.10	208	211	104.10	168.80
39.69	40.33	93.10	212	216	105.20	172.80
40.34	41.12	94.20	217	221	106.50	176.80
41.13	41.76	95.30	222	225	107.70	180.00
41.77	42.44	96.30	226	230	108.90	184.00
42.45	43.20	97.40	231	235	110.10	188.00
43.21	43.76	98.50	236	239	111.40	191.20
43.77	44.44	99.60	240	244	112.60	195.20
44.45	44.88	100.60	245	249	113.70	199.20
44.89	45.60	101.70	250	253	115.00	202.40
		102.80	254	258	116.20	206.40
		103.80	259	263	117.30	210.40
		104.90	264	267	118.60	213.60
		106.00	268	272	119.80	217.60
		107.00	273	277	121.00	221.60
		108.10	278	281	122.20	224.80
		109.20	282	286	123.40	228.80
		110.30	287	291	124.70	232.80
		111.30	292	295	125.80	236.00
		112.40	296	300	127.10	240.00
		113.50	301	305	128.30	244.00
		114.50	306	309	129.40	247.20
		115.60	310	314	130.70	251.20
		116.70	315	319	131.90	255.20
		117.70	320	323	133.00	258.40
		118.80	324	328	134.30	262.40
		119.90	329	333	135.50	266.40
		121.00	334	337	136.80	269.60
		122.00	338	342	137.90	273.60
		123.10	343	347	139.10	277.60
		124.20	348	351	140.40	280.80
		125.20	352	356	141.50	284.80
		126.30	357	361	142.80	288.80
		127.40	362	365	144.00	292.00
		128.40	366	370	145.10	296.00
		129.50	371	375	146.40	300.00
		130.60	376	379	147.60	303.20
		131.70	380	384	148.90	307.20
		132.70	385	389	150.00	311.20
		133.80	390	393	151.20	314.40
		134.90	394	398	152.50	318.40
		135.90	399	403	153.60	322.40
		137.00	404	407	154.90	325.60
		138.00	408	412	156.00	329.60
		139.00	413	417	157.10	333.60
		140.00	418	421	158.20	336.80
		141.00	422	426	159.40	340.80
		142.00	427	431	160.50	344.80
		143.00	432	436	161.60	348.80
		144.00	437	440	162.80	350.40
		145.00	441	445	163.90	352.40
		146.00	446	450	165.00	354.40
		147.00	451	454	166.20	356.00
		148.00	455	459	167.30	358.00
		149.00	460	464	168.40	360.00
		150.00	465	468	169.50	361.60
		151.00	469	473	170.70	363.60

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM
FAMILY BENEFITS—Continued

"I (Primary insurance benefit under 1939 Act, as mod- ified)		II (Primary insurance amount under 1965 Act)	III (Average monthly wage)		IV (Primary in- surance amount)	V (Maximum family benefits)
If an individual's primary insurance benefit (as de- termined under subsec. (d)) is—		Or his primary insurance amount (as deter- mined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this sub- section shall be—	And the maximum amount of bene- fits payable (as provided in sec. 203(a)) on the basis of his wages and self-employ- ment income shall be—
At least—	But not more than—		At least—	But not more than—		
		\$152.00	\$474	\$478	\$171.80	\$365.60
		153.00	479	482	172.90	367.20
		154.00	483	487	174.10	369.20
		155.00	488	492	175.20	371.20
		156.00	493	496	176.30	372.90
		157.00	497	501	177.50	374.80
		158.00	502	506	178.60	376.80
		159.00	507	510	179.70	378.40
		160.00	511	515	180.80	380.40
		161.00	516	520	182.00	382.40
		162.00	521	524	183.10	384.00
		163.00	525	529	184.20	386.00
		164.00	530	534	185.40	388.00
		165.00	535	538	186.50	389.60
		166.00	539	543	187.60	391.60
		167.00	544	548	188.80	393.60
		168.00	549	553	189.90	395.60
			554	556	191.00	396.80
			557	560	192.00	398.40
			561	563	193.00	399.60
			564	567	194.00	401.20
			568	570	195.00	402.40
			571	574	196.00	404.00
			575	577	197.00	405.20
			578	581	198.00	406.80
			582	584	199.00	408.00
			585	588	200.00	409.60
			589	591	201.00	410.80
			592	595	202.00	412.40
			596	598	203.00	413.60
			599	602	204.00	415.20
			603	605	205.00	416.40
			606	609	206.00	418.00
			610	612	207.00	419.20
			613	616	208.00	420.80
			617	620	209.00	422.40
			621	623	210.00	423.60
			624	627	211.00	425.20
			628	630	212.00	426.40
			631	634	213.00	428.00
			635	637	214.00	429.20
			638	641	215.00	430.80
			642	644	216.00	432.00
			645	648	217.00	433.60
			649	650	218.00	434.40"

79 Stat. 363.
42 USC 403.

(b) Section 203(a) of such Act is amended by striking out para-
graph (2) and inserting in lieu thereof the following:

42 USC 402, 423.

"(2) when two or more persons were entitled (without the ap-
plication of section 202(j)(1) and section 223(b)) to monthly
benefits under section 202 or 223 for the month of February 1968
on the basis of the wages and self-employment income of such in-
sured individual, such total of benefits for such month or any
subsequent month shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without
regard to this paragraph, or

"(B) an amount equal to the sum of the amounts derived
by multiplying the benefit amount determined under this title
(including this subsection, but without the application of
section 222(b), section 202(q), and subsections (b), (c), and
(d) of this section), as in effect prior to February 1968, for
each such person for February 1968, by 113 percent and

42 USC 422;
Post, pp. 830-
832.

raising each such increased amount, if it is not a multiple of \$0.10, to the next higher multiple of \$0.10;

but in any such case (i) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B), and (ii) if section 202(k)(2)(A) was applicable in the case of any such benefits for the month of February 1968, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202(k)(2)(A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for February 1968, or". 42 USC 403.

(c) (1) Section 215(b)(4) of such Act is amended to read as follows: 79 Stat. 364.
42 USC 415.

"(4) The provisions of this subsection shall be applicable only in the case of an individual —

"(A) who becomes entitled, after January 1968, to benefits under section 202(a) or section 223; or 42 USC 402,
423.

"(B) who dies after January 1968 without being entitled to benefits under section 202(a) or section 223; or

"(C) whose primary insurance amount is required to be recomputed under subsection (f) (2)."

(2) Section 215(b)(5) of such Act is repealed. Post, p. 865.

(d) Section 215(c) of such Act is amended to read as follows: Repeal.
79 Stat. 364.
42 USC 415.
79 Stat. 363.

"Primary Insurance Amount Under 1965 Act

"(c) (1) For the purposes of column II of the table appearing in subsection (a) of this section, an individual's primary insurance amount shall be computed on the basis of the law in effect prior to the enactment of the Social Security Amendments of 1967. Ante, p. 824.

"(2) The provisions of this subsection shall be applicable only in the case of an individual who became entitled to benefits under section 202(a) or section 223 before the month of February 1968, or who died before such month."

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after January 1968 and with respect to lump-sum death payments under such title in the case of deaths occurring after January 1968. 42 USC 401-
428; Post, p.
833.

(f) If an individual was entitled to a disability insurance benefit under section 223 of the Social Security Act for the month of January 1968 and became entitled to old-age insurance benefits under section 202(a) of such Act for the month of February 1968, or who died in such month, then, for purposes of section 215(a)(4) of the Social Security Act (if applicable) the amount in column IV of the table appearing in such section 215(a) for such individual shall be the amount in such column on the line on which in column II appears his primary insurance amount (as determined under section 215(c) of such Act) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based. Ante, p. 824.
Supra.

INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER

SEC. 102. (a) (1) Section 227(a) of the Social Security Act is amended by striking out "\$35" and inserting in lieu thereof "\$40", and by striking out "\$17.50" and inserting in lieu thereof "\$20". 79 Stat. 379.
42 USC 427.

(2) Section 227(b) of such Act is amended by striking out in the second sentence "\$35" and inserting in lieu thereof "\$40".

(b) (1) Section 228 (b) (1) of such Act is amended by striking out "\$35" and inserting in lieu thereof "\$40". 80 Stat. 67.
42 USC 428.

81 STAT. 828

80 Stat. 68.

42 USC 428.

(2) Section 228(b)(2) of such Act is amended by striking out "\$35" and inserting in lieu thereof "\$40", and by striking out "\$17.50" and inserting in lieu thereof "\$20".

(3) Section 228(c)(2) of such Act is amended by striking out "\$17.50" and inserting in lieu thereof "\$20".

(4) Section 228(c)(3)(A) of such Act is amended by striking out "\$35" and inserting in lieu thereof "\$40".

(5) Section 228(c)(3)(B) of such Act is amended by striking out "\$17.50" and inserting in lieu thereof "\$20".

(c) The amendments made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after January 1968.

42 USC 401-
428; Post,
p. 833.

MAXIMUM AMOUNT OF A WIFE'S OR HUSBAND'S INSURANCE BENEFIT

79 Stat. 375.

42 USC 402.

Post, pp.
830-832.

SEC. 103. (a) Section 202(b)(2) of the Social Security Act is amended to read as follows:

"(2) Except as provided in subsection (q), such wife's insurance benefit for each month shall be equal to whichever of the following is the smaller: (A) one-half of the primary insurance amount of her husband (or, in the case of a divorced wife, her former husband) for such month, or (B) \$105."

64 Stat. 483;
72 Stat. 1026.

(b) Section 202(c)(3) of such Act is amended to read as follows:

"(3) Except as provided in subsection (q), such husband's insurance benefit for each month shall be equal to whichever of the following is the smaller: (A) one-half of the primary insurance amount of his wife for such month, or (B) \$105."

79 Stat. 403.

(c) Section 202(e)(4) of such Act is amended by striking out "50 per centum of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based" and inserting in lieu thereof "whichever of the following is the smaller: (A) one-half of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based, or (B) \$105".

79 Stat. 404.

(d) Section 202(f)(5) of such Act is amended by striking out "50 per centum of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based" and inserting in lieu thereof "whichever of the following is the smaller: (A) one-half of the primary insurance amount of the deceased individual on whose wages and self-employment income such benefit is based, or (B) \$105".

(e) The amendments made by subsections (a), (b), (c), and (d) shall apply with respect to monthly benefits under title II of the Social Security Act for months after January 1968.

BENEFITS TO DISABLED WIDOWS AND WIDOWERS

79 Stat. 373,
376.

SEC. 104. (a)(1) Subparagraph (B) of section 202(e)(1) of the Social Security Act is amended to read as follows:

"(B) (i) has attained age 60, or (ii) has attained age 50 but has not attained age 60 and is under a disability (as defined in section 223(d)) which began before the end of the period specified in paragraph (5)."

Post, p. 868.
Post, p. 829.

(2) So much of section 202(e)(1) of such Act as follows subparagraph (E) is amended to read as follows:

"shall be entitled to a widow's insurance benefit for each month, beginning with—

Supra.

"(F) if she satisfies subparagraph (B) by reason of clause (i) thereof, the first month in which she becomes so entitled to such insurance benefits, or

"(G) if she satisfies subparagraph (B) by reason of clause (ii) thereof—

"(i) the first month after her waiting period (as defined in paragraph (6)) in which she becomes so entitled to such insurance benefits, or Infra.

"(ii) the first month during all of which she is under a disability and in which she becomes so entitled to such insurance benefits, but only if she was previously entitled to insurance benefits under this subsection on the basis of being under a disability and such first month occurs (I) in the period specified in paragraph (5) and (II) after the month in which a previous entitlement to such benefits on such basis terminated, and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, becomes entitled to an old-age insurance benefit equal to or exceeding 82½ percent of the primary insurance amount of such deceased individual, or, if she became entitled to such benefits before she attained age 60, the third month following the month in which her disability ceases (unless she attains age 62 on or before the last day of such third month)."

(3) Section 202(e) of such Act is further amended by adding after paragraph (4) the following new paragraphs:

79 Stat. 403.

42 USC 402.

"(5) The period referred to in paragraph (1) (B) (ii), in the case of any widow or surviving divorced wife, is the period beginning with whichever of the following is the latest:

Ante, p. 828.

"(A) the month in which occurred the death of the fully insured individual referred to in paragraph (1) on whose wages and self-employment income her benefits are or would be based, or

"(B) the last month for which she was entitled to mother's insurance benefits on the basis of the wages and self-employment income of such individual, or

"(C) the month in which a previous entitlement to widow's insurance benefits on the basis of such wages and self-employment income terminated because her disability had ceased, and ending with the month before the month in which she attains age 60, or, if earlier, with the close of the eighty-fourth month following the month with which such period began.

"(6) The waiting period referred to in paragraph (1) (G), in the case of any widow or surviving divorced wife, is the earliest period of six consecutive calendar months—

Supra.

"(A) throughout which she has been under a disability, and

"(B) which begins not earlier than with whichever of the following is the later: (i) the first day of the eighteenth month before the month in which her application is filed, or (ii) the first day of the sixth month before the month in which the period specified in paragraph (5) begins."

(b) (1) Subparagraph (B) of section 202(f) (1) of such Act is amended to read as follows:

64 Stat. 485;

75 Stat. 131.

"(B) (i) has attained age 62, or (ii) has attained age 50 but has not attained age 62 and is under a disability (as defined in section 223(d)) which began before the end of the period specified in paragraph (6)."

Post, p. 868.

Post, p. 830.

(2) So much of section 202(f) (1) of such Act as follows subparagraph (E) is amended to read as follows:

64 Stat. 485;

71 Stat. 519.

"shall be entitled to a widower's insurance benefit for each month, beginning with—

"(F) if he satisfies subparagraph (B) by reason of clause (i) thereof, the first month in which he becomes so entitled to such insurance benefits, or

Supra.

"(G) if he satisfies subparagraph (B) by reason of clause (ii) thereof—

81 STAT. 830.

Infra.

"(i) the first month after his waiting period (as defined in paragraph (7)) in which he becomes so entitled to such insurance benefits, or

"(ii) the first month during all of which he is under a disability and in which he becomes so entitled to such insurance benefits, but only if he was previously entitled to insurance benefits under this subsection on the basis of being under a disability and such first month occurs (I) in the period specified in paragraph (6) and (II) after the month in which a previous entitlement to such benefits on such basis terminated,

Infra.

and ending with the month preceding the first month in which any of the following occurs: he remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding 82½ percent of the primary insurance amount of his deceased wife, or the third month following the month in which his disability ceases (unless he attains age 62 on or before the last day of such third month)."

75 Stat. 138;

79 Stat. 404.

42 USC 402.

79 Stat. 404.

Ante, p. 829.

(3) Section 202(f) (3) of such Act is amended by inserting "subsection (q) and" after "provided in".

(4) Section 202(f) of such Act is further amended by adding after paragraph (5) the following new paragraphs:

"(6) The period referred to in paragraph (1) (B) (ii), in the case of any widower, is the period beginning with whichever of the following is the latest:

"(A) the month in which occurred the death of the fully insured individual referred to in paragraph (1) on whose wages and self-employment income his benefits are or would be based, or

"(B) the month in which a previous entitlement to widower's insurance benefits on the basis of such wages and self-employment income terminated because his disability had ceased,

and ending with the month before the month in which he attains age 62, or, if earlier, with the close of the eighty-fourth month following the month with which such period began.

Ante, p. 829.

"(7) The waiting period referred to in paragraph (1) (G), in the case of any widower, is the earliest period of six consecutive calendar months—

"(A) throughout which he has been under a disability, and

"(B) which begins not earlier than with whichever of the following is the later: (i) the first day of the eighteenth month before the month in which his application is filed, or (ii) the first day of the sixth month before the month in which the period specified in paragraph (6) begins."

Supra.

79 Stat. 368.

(c) (1) The heading of section 202(q) of such Act is amended to read as follows:

"Reduction of Benefit Amounts for Certain Beneficiaries"

79 Stat. 374.

(2) So much of section 202(q) (1) of such Act as precedes subparagraph (A) is amended by striking out "or widow's" and inserting in lieu thereof "widow's, or widower's".

(3) Subparagraph (A) of section 202(q) (1) of such Act is amended by striking out "or widow's" and inserting in lieu thereof "widow's, or widower's".

(4) Section 202(q) (1) of such Act is amended by adding at the end thereof the following:

"A widow's or widower's insurance benefit reduced pursuant to the preceding sentence shall be further reduced by—

"(C) 43/198 of 1 percent of the amount of such benefit, multiplied by

Post, p. 831.

"(D) (i) the number of months in the additional reduction period for such benefit (determined under paragraph (6)), if such

benefit is for a month before the month in which such individual attains retirement age, or

“(ii) the number of months in the additional adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is for the month in which such individual attains retirement age or for any month thereafter.”

Post, p. 832.

(5) Section 202(q) (3) (A) of such Act is amended—

75 Stat. 132;

(A) by striking out “or widow’s” each place it appears and inserting in lieu thereof “widow’s, or widower’s”;

79 Stat. 368,

(B) by striking out “a widow’s” and inserting in lieu thereof “a widow’s or widower’s”; and

374.

42 USC 402.

(C) by striking out “60” and inserting in lieu thereof “50”.

(6) Section 202(q) (3) (C) of such Act is amended by striking out “or widow’s” each time it appears and inserting in lieu thereof “widow’s, or widower’s”.

79 Stat. 369.

(7) Section 202(q) (3) (D) of such Act is amended by striking out “or widow’s” and inserting in lieu thereof “widow’s, or widower’s”.

75 Stat. 132;

79 Stat. 368,

(8) Section 202(q) (3) (E) of such Act is amended—

374.

(A) by striking out “(or would, but for subsection (e) (1), be)” and inserting in lieu thereof “(or would, but for subsection (e) (1) in the case of a widow or surviving divorced wife or subsection (f) (1) in the case of a widower, be)”;

79 Stat. 374.

(B) by striking out “widow’s” each place it appears and inserting in lieu thereof “widow’s or widower’s”; and

(C) by striking out “she” and inserting in lieu thereof “she or he”.

(9) Section 202(q) (3) (F) of such Act is amended—

(A) by striking out “(or would, but for subsection (e) (1), be)” and inserting in lieu thereof “(or would, but for subsection (e) (1) in the case of a widow or surviving divorced wife or subsection (f) (1) in the case of a widower, be)”;

(B) by striking out “widow’s” each place it appears and inserting in lieu thereof “widow’s or widower’s”; and

(C) by striking out “she” and inserting in lieu thereof “she or he”.

(10) Section 202(q) (3) (G) of such Act is amended—

75 Stat. 138;

(A) by striking out “(or would, but for subsection (e) (1), be)” and inserting in lieu thereof “(or would, but for subsection (e) (1) in the case of a widow or surviving divorced wife or subsection (f) (1) in the case of a widower, be)”;

79 Stat. 368.

(B) by striking out “widow’s” and inserting in lieu thereof “widow’s or widower’s”; and

(C) by striking out “he” and inserting in lieu thereof “she or he”.

(11) Section 202(q) (6) of such Act is amended to read as follows:

75 Stat. 138;

“(6) For the purposes of this subsection—

79 Stat. 368.

“(A) the ‘reduction period’ for an individual’s old-age, wife’s, husband’s, widow’s, or widower’s insurance benefit is the period—

“Reduction period.”

“(i) beginning—

“(I) in the case of an old-age or husband’s insurance benefit, with the first day of the first month for which such individual is entitled to such benefit, or

“(II) in the case of a wife’s insurance benefit, with the first day of the first month for which a certificate described in paragraph (5) (A) (i) is effective, or

“(III) in the case of a widow’s or widower’s insurance benefit, with the first day of the first month for which such individual is entitled to such benefit or the

81 STAT. 832

"Additional
reduction
period."

75 Stat. 133;
79 Stat. 368,
375.
42 USC 402.

79 Stat. 375.

74 Stat. 954.
42 USC 403.

74 Stat. 955.

68 Stat. 1080;
70 Stat. 818.
42 USC 416.
70 Stat. 817.
42 USC 422.

70 Stat. 817;
72 Stat. 1032.

79 Stat. 408.

42 USC 402.

first day of the month in which such individual attains age 60, whichever is the later, and

"(ii) ending with the last day of the month before the month in which such individual attains retirement age; and

"(B) the 'additional reduction period' for an individual's widow's or widower's insurance benefit is the period—

"(i) beginning with the first day of the first month for which such individual is entitled to such benefit, but only if such individual has not attained age 60 in such first month, and

"(ii) ending with the last day of the month before the month in which such individual attains age 60."

(12) Section 202(q) (7) of such Act is amended—

(A) by inserting "or 'additional adjusted reduction period' " after "the 'adjusted reduction period'";

(B) by striking out "or widow's" and inserting in lieu thereof "widow's, or widower's";

(C) by inserting "or additional reduction period (as the case may be)" after "the reduction period"; and

(D) by striking out "widow's" in subparagraph (E) and inserting in lieu thereof "widow's or widower's", by striking out "she" each place it appears in such subparagraph and inserting in lieu thereof "she or he", and by striking out "her" in such subparagraph and inserting in lieu thereof "her or his".

(13) Section 202(q) (9) of such Act is amended by striking out "widow's" and inserting in lieu thereof "widow's or widower's".

(d) (1) (A) The third sentence of section 203(c) of such Act is amended by striking out "or any subsequent month" and inserting in lieu thereof "or any subsequent month; nor shall any deduction be made under this subsection from any widow's insurance benefit for any month in which the widow or surviving divorced wife is entitled and has not attained age 62 (but only if she became so entitled prior to attaining age 60), or from any widower's insurance benefit for any month in which the widower is entitled and has not attained age 62".

(B) The third sentence of section 203(f) (1) of such Act is amended by striking out "or (D)" and inserting in lieu thereof the following: "(D) for which such individual is entitled to widow's insurance benefits and has not attained age 62 (but only if she became so entitled prior to attaining age 60) or widower's insurance benefits and has not attained age 62, or (E)".

(C) Section 203(f) (2) of such Act is amended by striking out "and (D)" and inserting in lieu thereof "(D), and (E)".

(D) Section 203(f) (4) of such Act is amended by striking out "(D)" and inserting in lieu thereof "(E)".

(2) Section 216(i) (1) of such Act is amended by inserting "202(e), 202(f)," after "202(d)".

(3) (A) Section 222(a) of such Act is amended by inserting "widow's insurance benefits, or widower's insurance benefits," after "benefits,".

(B) Section 222(b) (1) of such Act is amended by striking out "child's insurance benefits or if" and inserting in lieu thereof "child's insurance benefits, a widow or surviving divorced wife who has not attained age 60, a widower who has not attained age 62, or".

(4) (A) Section 222(d) (1) of such Act is amended by inserting "or" at the end of subparagraph (B), and by inserting after such subparagraph the following new subparagraphs:

"(C) entitled to widow's insurance benefits under section 202(e) prior to attaining age 60, or

"(D) entitled to widower's insurance benefits under section 202(f) prior to attaining age 62,".

42 USC 402.

(B) Section 222(d)(1) of such Act is further amended by striking out "who have attained age 18 and are under a disability," in the first sentence and inserting in lieu thereof the following: "who have attained age 18 and are under a disability, the benefits under section 202(e) for widows and surviving divorced wives who have not attained age 60 and are under a disability, the benefits under section 202(f) for widowers who have not attained age 62,".

79 Stat. 408.

42 USC 422.

(5)(A) The first sentence of section 225 of such Act is amended by inserting after "under section 202(d)," the following: "or that a widow or surviving divorced wife who has not attained age 60 and is entitled to benefits under section 202(e), or that a widower who has not attained age 62 and is entitled to benefits under section 202(f),".

70 Stat. 817.

42 USC 425.

(B) The first sentence of section 225 of such Act is further amended by striking out "223 or 202(d)" and inserting in lieu thereof "202(d), 202(e), 202(f), or 223".

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for and after the month of February 1968, but only on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

INSURED STATUS FOR YOUNGER DISABLED WORKERS

SEC. 105. (a) Subparagraph (B)(ii) of section 216(i)(3) of the Social Security Act is amended by striking out "and he is under a disability by reason of blindness (as defined in paragraph (1))".

79 Stat. 412.

42 USC 416.

(b) Subparagraph (B)(ii) of section 223(c)(1) of such Act is amended by striking out "before he attains" and inserting in lieu thereof "before the quarter in which he attains", and by striking out "and he is under a disability by reason of blindness (as defined in section 216(i)(1))".

79 Stat. 413.

42 USC 423.

(c) The amendment made by subsection (a) shall apply only with respect to applications for disability determinations filed under section 216(i) of the Social Security Act in or after the month in which this Act is enacted. The amendments made by subsection (b) shall apply with respect to monthly benefits under title II of such Act for months after January 1968, but only on the basis of applications for such benefits filed in or after the month in which this Act is enacted.

BENEFITS IN CASE OF MEMBERS OF THE UNIFORMED SERVICES

SEC. 106. Title II of the Social Security Act is amended by adding at the end thereof the following new section:

53 Stat. 1362;

80 Stat. 67.

42 USC 401-428.

"BENEFITS IN CASE OF MEMBERS OF THE UNIFORMED SERVICES

"SEC. 229. (a) For purposes of determining entitlement to and the amount of any monthly benefit for any month after December 1967, or entitlement to and the amount of any lump-sum death payment in case of a death after such month, payable under this title on the basis of the wages and self-employment income of any individual, and for purposes of section 216(i)(3), such individual shall be deemed to have been paid, in each calendar quarter occurring after 1967 in which he was paid wages for service as a member of a uniformed service (as defined in section 210(m)) which was included in the term 'employment' as defined in section 210(a) as a result of the provisions of sec-

tion 210(1), wages (in addition to the wages actually paid to him for such service) of—

“(1) \$100 if the wages actually paid to him in such quarter for such services were \$100 or less,

“(2) \$200 if the wages actually paid to him in such quarter for such services were more than \$100 but not more than \$200, or

“(3) \$300 in any other case.

“(b) There are authorized to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund annually, as benefits under this title and part A of title XVIII are paid after December 1967, such sums as the Secretary determines to be necessary to meet (1) the additional costs, resulting from subsection (a), of such benefits (including lump-sum death payments), (2) the additional administrative expenses resulting therefrom, and (3) any loss in interest to such trust funds resulting from the payment of such amounts. Such additional costs shall be determined after any increases in such benefits arising from the application of section 217 have been made.”

42 USC 401
et seq., 1395c-
1395i.

LIBERALIZATION OF EARNINGS TEST

79 Stat. 380.
42 USC 403.

SEC. 107. (a) (1) Paragraphs (1), (3), and (4) (B) of section 203 (f) of the Social Security Act are each amended by striking out “\$125” and inserting in lieu thereof “\$140”.

(2) Paragraph (1) (A) of section 203 (h) of such Act is amended by striking out “\$125” and inserting in lieu thereof “\$140”.

(b) The amendments made by subsection (a) shall apply with respect to taxable years ending after December 1967.

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

79 Stat. 393.
42 USC 409.
68 Stat. 1078;
79 Stat. 383.

SEC. 108. (a) (1) (A) Section 209 (a) (4) of the Social Security Act is amended by inserting “and prior to 1968” after “1965”.

(B) Section 209 (a) of such Act is further amended by adding at the end thereof the following new paragraph:

“(5) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$7,800 with respect to employment has been paid to an individual during any calendar year after 1967, is paid to such individual during such calendar year;”.

79 Stat. 393.
42 USC 411.

(2) (A) Section 211 (b) (1) (D) of such Act is amended by inserting “and prior to 1968” after “1965”, and by striking out “; or” and inserting in lieu thereof “; and”.

72 Stat. 1019.

(B) Section 211 (b) (1) of such Act is further amended by adding at the end thereof the following new subparagraph:

“(E) For any taxable year ending after 1967, (i) \$7,800, minus (ii) the amount of the wages paid to such individual during the taxable year; or”.

79 Stat. 393.

(3) (A) Section 213 (a) (2) (ii) of such Act is amended by striking out “after 1965” and inserting in lieu thereof “after 1965 and before 1968, or \$7,800 in the case of a calendar year after 1967”.

(B) Section 213 (a) (2) (iii) of such Act is amended by striking out “after 1965” and inserting in lieu thereof “after 1965 and before 1968, or \$7,800 in the case of a taxable year ending after 1967”.

79 Stat. 393.
42 USC 415.

(4) Section 215 (e) (1) of such Act is amended by striking out “and the excess over \$6,600 in the case of any calendar year after 1965” and inserting in lieu thereof “the excess over \$6,600 in the case of any calendar year after 1965 and before 1968, and the excess over \$7,800 in the case of any calendar year after 1967”.

(b) (1) (A) Section 1402(b) (1) (D) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by inserting "and before 1968" after "1965", and by striking out "; or" and inserting in lieu thereof "; and". 79 Stat. 393.

(B) Section 1402(b) (1) of such Code is further amended by adding at the end thereof the following new subparagraph: 68 Stat. 1088; 79 Stat. 393.

"(E) for any taxable year ending after 1967, (i) \$7,800, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(2) Section 3121(a) (1) of such Code (relating to definition of wages) is amended by striking out "\$6,600" each place it appears and inserting in lieu thereof "\$7,800". 79 Stat. 393.

(3) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "\$6,600" and inserting in lieu thereof "\$7,800".

(4) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "\$6,600" each place it appears and inserting in lieu thereof "\$7,800".

(5) Section 6413 (c) (1) of such Code (relating to special refunds of employment taxes) is amended— 79 Stat. 393, 394.

(A) by inserting "and prior to the calendar year 1968" after "the calendar year 1965";

(B) by inserting after "exceed \$6,600," the following: "or (D) during any calendar year after the calendar year 1967, the wages received by him during such year exceed \$7,800,"; and

(C) by inserting before the period at the end thereof the following: "and before 1968, or which exceeds the tax with respect to the first \$7,800 of such wages received in such calendar year after 1967".

(6) Section 6413(c) (2) (A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "or \$6,600 for any calendar year after 1965" and inserting in lieu thereof "\$6,600 for the calendar year 1966 or 1967, or \$7,800 for any calendar year after 1967".

(c) The amendments made by subsections (a) (1) and (a) (3) (A), and the amendments made by subsection (b) (except paragraph (1) thereof), shall apply only with respect to remuneration paid after December 1967. The amendments made by subsections (a) (2), (a) (3) (B), and (b) (1) shall apply only with respect to taxable years ending after 1967. The amendment made by subsection (a) (4) shall apply only with respect to calendar years after 1967.

CHANGES IN TAX SCHEDULES

SEC. 109. (a) (1) Section 1401(a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (1), (2), (3), and (4) and inserting in lieu thereof the following: 79 Stat. 394.

"(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1969, the tax shall be equal to 5.8 percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1968, and before January 1, 1971, the tax shall be equal to 6.3 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1970, and before January 1, 1973, the tax shall be equal to

6.9 percent of the amount of the self-employment income for such taxable year; and

"(4) in the case of any taxable year beginning after December 31, 1972, the tax shall be equal to 7.0 percent of the amount of the self-employment income for such taxable year."

79 Stat. 395. (2) Section 3101(a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (1), (2), (3), and (4) and inserting in lieu thereof the following:

"(1) with respect to wages received during the calendar year 1968, the rate shall be 3.8 percent;

"(2) with respect to wages received during the calendar years 1969 and 1970, the rate shall be 4.2 percent;

"(3) with respect to wages received during the calendar years 1971 and 1972, the rate shall be 4.6 percent; and

"(4) with respect to wages received after December 31, 1972, the rate shall be 5.0 percent."

79 Stat. 396. (3) Section 3111(a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (1), (2), (3), and (4) and inserting in lieu thereof the following:

"(1) with respect to wages paid during the calendar year 1968, the rate shall be 3.8 percent;

"(2) with respect to wages paid during the calendar years 1969 and 1970, the rate shall be 4.2 percent;

"(3) with respect to wages paid during the calendar years 1971 and 1972, the rate shall be 4.6 percent; and

"(4) with respect to wages paid after December 31, 1972, the rate shall be 5.0 percent."

79 Stat. 394. (b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (1) through (6) and inserting in lieu thereof the following:

"(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1973, the tax shall be equal to 0.60 percent of the amount of the self-employment income for such taxable year;

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1976, the tax shall be equal to 0.65 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1975, and before January 1, 1980, the tax shall be equal to 0.70 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1979, and before January 1, 1987, the tax shall be equal to 0.80 percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 1986, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year."

79 Stat. 395. (2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (1) through (6) and inserting in lieu thereof the following:

"(1) with respect to wages received during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;

"(2) with respect to wages received during the calendar years 1973, 1974, and 1975, the rate shall be 0.65 percent;

"(3) with respect to wages received during the calendar years 1976, 1977, 1978, and 1979, the rate shall be 0.70 percent;

"(4) with respect to wages received during the calendar years 1980, 1981, 1982, 1983, 1984, 1985, and 1986, the rate shall be 0.80 percent; and

"(5) with respect to wages received after December 31, 1986, the rate shall be 0.90 percent."

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (1) through (6) and inserting in lieu thereof the following: 79 Stat. 396.

"(1) with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;

"(2) with respect to wages paid during the calendar years 1973, 1974, and 1975, the rate shall be 0.65 percent;

"(3) with respect to wages paid during the calendar years 1976, 1977, 1978, and 1979, the rate shall be 0.70 percent;

"(4) with respect to wages paid during the calendar years 1980, 1981, 1982, 1983, 1984, 1985, and 1986, the rate shall be 0.80 percent; and

"(5) with respect to wages paid after December 31, 1986, the rate shall be 0.90 percent."

(c) The amendments made by subsections (a)(1) and (b)(1) shall apply only with respect to taxable years beginning after December 31, 1967. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1967.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. 110. (a) Section 201(b)(1) of the Social Security Act is amended— 70 Stat. 819;
79 Stat. 370.

(1) by inserting "(A)" after "(1)"; 42 USC 401.

(2) by striking out "1954, and" and inserting in lieu thereof "1954, (B)";

(3) by inserting "and before January 1, 1968," after "December 31, 1965,"; and

(4) by inserting after "so reported," the following: "and (C) 0.95 of 1 per centum of the wages (as so defined) paid after December 31, 1967, and so reported,".

(b) Section 201(b)(2) of such Act is amended—

(1) by inserting "(A)" after "(2)";

(2) by striking out "1966, and" and inserting in lieu thereof "1966, (B)"; and

(3) by inserting after "December 31, 1965," the following: "and before January 1, 1968, and (C) 0.7125 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1967,".

EXTENSION OF TIME FOR FILING APPLICATION FOR DISABILITY FREEZE WHERE FAILURE TO MAKE TIMELY APPLICATION IS DUE TO INCOMPETENCY

SEC. 111. (a) Section 216(i)(2) of the Social Security Act is amended (1) by striking out "No" in subparagraph (E) and inserting in lieu thereof "Except as is otherwise provided in subparagraph (F), no", (2) by redesignating subparagraph (F) as subparagraph (G), and (3) by adding after subparagraph (E) the following new subparagraph: 79 Stat. 367,
400.
42 USC 416.

81 STAT. 838

79 Stat. 367.
42 USC 416.

Ante, p. 821.

"(F) An application for a disability determination which is filed more than 12 months after the month prescribed by subparagraph (D) as the month in which the period of disability ends (determined without regard to subparagraphs (B) and (E)) shall be accepted as an application for purposes of this paragraph if—

"(i) in the case of an application filed by or on behalf of an individual with respect to a disability which ends after the month in which the Social Security Amendments of 1967 is enacted, such application is filed not more than 36 months after the month in which such disability ended, such individual is alive at the time the application is filed, and the Secretary finds in accordance with regulations prescribed by him that the failure of such individual to file an application for a disability determination within the time specified in subparagraph (E) was attributable to a physical or mental condition of such individual which rendered him incapable of executing such an application, and

"(ii) in the case of an application filed by or on behalf of an individual with respect to a period of disability which ends in or before the month in which the Social Security Amendments of 1967 is enacted,

"(I) such application is filed not more than 12 months after the month in which the Social Security Amendments of 1967 is enacted,

"(II) a previous application for a disability determination has been filed by or on behalf of such individual (1) in or before the month in which the Social Security Amendments of 1967 is enacted, and (2) not more than 36 months after the month in which his disability ended, and

"(III) the Secretary finds in accordance with regulations prescribed by him, that the failure of such individual to file an application within the then specified time period was attributable to a physical or mental condition of such individual which rendered him incapable of executing such an application.

In making a determination under this subsection, with respect to the disability or period of disability of any individual whose application for a determination thereof is accepted solely by reason of the provisions of this subparagraph (F), the provisions of this subsection (other than the provisions of this subparagraph) shall be applied as such provisions are in effect at the time such determination is made."

(b) No monthly insurance benefits under title II of the Social Security Act shall be payable or increased for any month before the month in which this Act is enacted by reason of amendments made by subsection (a).

42 USC 401-
428; Ante,
p. 833.

BENEFITS FOR CERTAIN ADOPTED CHILDREN

SEC. 112. (a) Section 202(d)(8) of the Social Security Act (as redesignated by section 151(c) of this Act) is amended—

79 Stat. 397.
42 USC 402.

(1) by striking out the period at the end of subparagraph (D), and inserting in lieu of such period "; or", and

(2) by adding after and below subparagraph (D) the following new subparagraph:

"(E) was legally adopted by such individual—

"(i) in an adoption which took place under the supervision of a public or private child-placement agency,

"(ii) in an adoption decreed by a court of competent jurisdiction within the United States,

“(iii) on a date immediately preceding which such individual had continuously resided for not less than one year within the United States;

“(iv) at a time prior to the attainment of age 18 by such child.”

(b) The amendments made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after January 1968, but only on the basis of applications filed after the date of enactment of this Act.

42 USC 401-
428; Ante, p.
833.

PART 2—COVERAGE UNDER THE OLD-AGE, SURVIVORS, AND
DISABILITY INSURANCE PROGRAM

COVERAGE OF MINISTERS

SEC. 115. (a) The last sentence of section 211(c) of the Social Security Act is amended to read as follows: “The provisions of paragraph (4) or (5) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual unless an exemption under section 1402(e) of the Internal Revenue Code of 1954 is effective with respect to him.”

79 Stat. 380.
42 USC 411.

(b)(1) The last sentence of section 1402(c) of the Internal Revenue Code of 1954 (relating to definition of trade or business) is amended to read as follows:

Infra.

“The provisions of paragraph (4) or (5) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual unless an exemption under subsection (e) is effective with respect to him.”

79 Stat. 381.

(2) Section 1402(e) of such Code (relating to ministers, members of religious orders, and Christian Science practitioners) is amended to read as follows:

68 Stat. 1088.

“(e) MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS.—

“(1) EXEMPTION.—Any individual who is (A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) or (B) a Christian Science practitioner, upon filing an application (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) together with a statement that either he is conscientiously opposed to, or because of religious principles he is opposed to, the acceptance (with respect to services performed by him as such minister, member, or practitioner) of any public insurance which makes payments in the event of death, disability, old age, or retirement or makes payments toward the cost of, or provides services for, medical care (including the benefits of any insurance system established by the Social Security Act), shall receive an exemption from the tax imposed by this chapter with respect to services performed by him as such minister, member, or practitioner. Notwithstanding the preceding sentence, an exemption may not be granted to an individual under this subsection if he had filed an effective waiver certificate under this section as it was in effect before its amendment in 1967.

26 USC 1401-
1403.

42 USC 1305.

“(2) TIME FOR FILING APPLICATION.—Any individual who desires to file an application pursuant to paragraph (1) must file such application on or before whichever of the following dates is later: (A) the due date of the return (including any extension thereof) for the second taxable year for which he has net earn-

81 STAT. 840

ings from self-employment (computed without regard to subsections (c) (4) and (c) (5)) of \$400 or more, any part of which was derived from the performance of service described in subsection (c) (4) or (c) (5); or (B) the due date of the return (including any extension thereof) for his second taxable year ending after 1967.

“(3) EFFECTIVE DATE OF EXEMPTION.—An exemption received by an individual pursuant to this subsection shall be effective for the first taxable year for which he has net earnings from self-employment (computed without regard to subsections (c) (4) and (c) (5)) of \$400 or more, any part of which was derived from the performance of service described in subsection (c) (4) or (c) (5), and for all succeeding taxable years. An exemption received pursuant to this subsection shall be irrevocable.”

(c) The amendments made by subsections (a) and (b) shall apply only with respect to taxable years ending after 1967.

COVERAGE OF STATE AND LOCAL EMPLOYEES

72 Stat. 1308.
42 USC 418.

SEC. 116. (a) Section 218(d) (6) (D) of the Social Security Act is amended by inserting “(i)” after “(D)”, and by adding at the end thereof the following:

“(ii) Notwithstanding clause (i), the State may, pursuant to subsection (c) (4) (B) and subject to the conditions of continuation or termination of coverage provided for in subsection (c) (7), modify its agreement under this section to include services performed by all individuals described in clause (i) other than those individuals to whose services the agreement already applies. Such individuals shall be deemed (on and after the effective date of the modification) to be in positions covered by the separate retirement system consisting of the positions of members of the division or part who desire coverage under the insurance system established under this title.”

68 Stat. 1057.

(b) (1) (A) Section 218(c) (3) of such Act is amended by striking out subparagraph (A), and by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(B) Paragraphs (4) and (7) of section 218(c) of such Act, and paragraph (5) (B) of section 218(d) of such Act, are each amended by striking out “paragraph (3) (C)” wherever it appears and inserting in lieu thereof “paragraph (3) (B)”.

(C) Paragraph (4) (C) of section 218(d) of such Act is amended by striking out “subsection (c) (3) (C)” and inserting in lieu thereof “subsection (c) (3) (B)”.

64 Stat. 515.

(2) Section 218(c) (6) of such Act is amended—

(A) by striking out “and” at the end of subparagraph (C);

(B) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof “, and”; and

(C) by adding at the end thereof the following new subparagraph:

“(E) service performed by an individual as an employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency.”

(3) The amendments made by this subsection shall be effective with respect to services performed on or after January 1, 1968.

68 Stat. 1058.

(c) Section 218(c) of such Act is amended by adding at the end thereof the following new paragraph:

“(8) Notwithstanding any other provision of this section, the agreement with any State entered into under this section may at the option of the State be modified on or after January 1, 1968, to exclude service performed by election officials or election workers if the remuneration paid in a calendar quarter for such service is less than \$50.

Any modification of an agreement pursuant to this paragraph shall be effective with respect to services performed after an effective date, specified in such modification, which shall not be earlier than the last day of the calendar quarter in which the modification is mailed or delivered by other means to the Secretary."

(d) The first sentence of section 218(d)(6)(F) of the Social Security Act is amended by striking out "1967" and inserting in lieu thereof "1970".

72 Stat. 1039;
79 Stat. 385.
42 USC 418.

INCLUSION OF ILLINOIS AMONG STATES PERMITTED TO DIVIDE THEIR
RETIREMENT SYSTEMS

SEC. 117. Section 218(d)(6)(C) of the Social Security Act is amended by inserting "Illinois," after "Georgia,".

TAXATION OF CERTAIN EARNINGS OF RETIRED PARTNER

SEC. 118. (a) Section 1402(a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended—

68A Stat. 353;
68 Stat. 1087.

- (1) by striking out "and" at the end of paragraph (8);
- (2) by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and"; and
- (3) by inserting after paragraph (9) the following new paragraph:

"(10) there shall be excluded amounts received by a partner pursuant to a written plan of the partnership, which meets such requirements as are prescribed by the Secretary or his delegate, and which provides for payments on account of retirement, on a periodic basis, to partners generally or to a class or classes of partners, such payments to continue at least until such partner's death, if—

"(A) such partner rendered no services with respect to any trade or business carried on by such partnership (or its successors) during the taxable year of such partnership (or its successors), ending within or with his taxable year, in which such amounts were received, and

"(B) no obligation exists (as of the close of the partnership's taxable year referred to in subparagraph (A)) from the other partners to such partner except with respect to retirement payments under such plan, and

"(C) such partner's share, if any, of the capital of the partnership has been paid to him in full before the close of the partnership's taxable year referred to in subparagraph (A)."

- (b) Section 211(a) of the Social Security Act is amended—

64 Stat. 502;
68 Stat. 1055.
42 USC 411.

- (1) by striking out "and" at the end of paragraph (7);
- (2) by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and"; and
- (3) by inserting after paragraph (8) the following new paragraph:

"(9) There shall be excluded amounts received by a partner pursuant to a written plan of the partnership, which meets such requirements as are prescribed by the Secretary of the Treasury or his delegate, and which provides for payments on account of retirement, on a periodic basis, to partners generally or to a class or classes of partners, such payments to continue at least until such partner's death, if—

"(A) such partner rendered no services with respect to any trade or business carried on by such partnership (or its

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successors) during the taxable year of such partnership (or its successors), ending within or with his taxable year, in which such amounts were received, and

"(B) no obligation exists (as of the close of the partnership's taxable year referred to in subparagraph (A)) from the other partners to such partner except with respect to retirement payments under such plan, and

"(C) such partner's share, if any, of the capital of the partnership has been paid to him in full before the close of the partnership's taxable year referred to in subparagraph (A)."

(c) The amendments made by this section shall apply only with respect to taxable years ending on or after December 31, 1967.

INCLUSION OF PUERTO RICO AMONG STATES PERMITTED TO INCLUDE FIREMEN AND POLICEMEN; VALIDATION OF CERTAIN PAST COVERAGE IN THE STATE OF NEBRASKA

70 Stat. 826.
42 USC 418.

SEC. 119. (a) Section 218(p) of the Social Security Act is amended by inserting "Puerto Rico," after "Oregon,".

(b) In any case in which—

(1) an individual has performed services prior to the enactment of this Act in the employ of a political subdivision of the State of Nebraska in a fireman's position, and

79 Stat. 395,
396.
68A Stat. 12.

(2) amounts, equivalent to the sum of the taxes which would have been imposed by sections 3101 and 3111 of the Internal Revenue Code of 1954 had such services constituted employment for purposes of section 21 of such Code at the time they were performed, were timely paid in good faith to the Secretary of the Treasury, and

(3) no refunds of such amounts paid in lieu of taxes have been obtained,

the amount of the remuneration for such services with respect to which such amounts have been paid shall be deemed to constitute remuneration for employment as defined in section 209 of the Social Security Act.

42 USC 409.

COVERAGE OF FIREMEN'S POSITIONS PURSUANT TO A STATE AGREEMENT

SEC. 120. (a) Section 218(p) of the Social Security Act is amended by—

(1) inserting "(1)" after "(p)"; and

(2) adding the following paragraph:

"(2) A State, not otherwise listed by name in paragraph (1), shall be deemed to be a State listed in such paragraph for the purpose of extending coverage under this title to service in firemen's positions covered by a retirement system, if the governor of the State, or an official of the State designated by him for the purpose, certifies to the Secretary of Health, Education, and Welfare that the overall benefit protection of the employees in such positions would be improved by reason of the extension of such coverage to such employees. Notwithstanding the provisions of the second sentence of such paragraph (1), such firemen's positions shall be deemed a separate retirement system and no other positions shall be included in such system."

(b) Nothing in the amendments made by subsection (a) shall authorize the extension of the insurance system established by title II of the Social Security Act under the provisions of section 218(d) (6) (C) of such Act to service in any fireman's position.

42 USC 401-428;
Ante, p. 833.

(c) The amendment made by this section shall apply in the case of any State with respect to modifications of such State agreement under section 218 of the Social Security Act made after the date of enactment of this Act.

VALIDATION OF COVERAGE ERRONEOUSLY REPORTED

SEC. 121. Section 218(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

68 Stat. 1058;
72 Stat. 1040.
42 USC 418.

"(3) Notwithstanding the provisions of paragraph (2) of this subsection, in the case of services performed by individuals as members of any coverage group to which an agreement under this section is made applicable, and with respect to which there were timely paid in good faith to the Secretary of the Treasury amounts equivalent to the sum of the taxes which would have been imposed by sections 3101 and 3111 of the Internal Revenue Code of 1954 had such services constituted employment for purposes of chapter 21 of such Code at the time they were performed, and with respect to which refunds were not obtained, such individuals may, if so requested by the State, be deemed to be members of such coverage group on the date designated pursuant to paragraph (2)."

79 Stat. 395,
396.
68A Stat. 12.

COVERAGE OF FEES OF STATE AND LOCAL GOVERNMENT EMPLOYEES AS SELF-EMPLOYMENT INCOME

SEC. 122. (a) (1) Section 211(c) (1) of the Social Security Act is amended to read as follows:

64 Stat. 503.
42 USC 411.

"(1) The performance of the functions of a public office, other than the functions of a public office of a State or a political subdivision thereof with respect to fees received in any period in which the functions are performed in a position compensated solely on a fee basis and in which such functions are not covered under an agreement entered into by such State and the Secretary pursuant to section 218;"

(2) Section 211(c) (2) of such Act is amended (A) by striking out "and" at the end of subparagraph (C); (B) by striking out the semicolon at the end of subparagraph (D) and inserting in lieu thereof ", and"; and (C) by adding after such subparagraph the following new subparagraph:

74 Stat. 945.

"(E) service performed by an individual as an employee of a State or a political subdivision thereof in a position compensated solely on a fee basis with respect to fees received in any period in which such service is not covered under an agreement entered into by such State and the Secretary pursuant to section 218;"

(b) (1) Section 1402(c) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

68A Stat. 355.

"(1) the performance of the functions of a public office, other than the functions of a public office of a State or a political subdivision thereof with respect to fees received in any period in which the functions are performed in a position compensated solely on a fee basis and in which such functions are not covered under an agreement entered into by such State and the Secretary of Health, Education, and Welfare pursuant to section 218 of the Social Security Act;"

(2) Section 1402(c) (2) of such Code is amended (A) by striking out "and" at the end of subparagraph (C); (B) by striking out the semicolon at the end of subparagraph (D) and inserting in lieu thereof ", and"; and (C) by adding after such subparagraph the following new subparagraph:

74 Stat. 945.

“(E) service performed by an individual as an employee of a State or a political subdivision thereof in a position compensated solely on a fee basis with respect to fees received in any period in which such service is not covered under an agreement entered into by such State and the Secretary of Health, Education, and Welfare pursuant to section 218 of the Social Security Act;”.

(c) (1) The amendments made by subsections (a) and (b) of this section shall apply with respect to fees received after 1967.

(2) Notwithstanding the provisions of subsections (a) and (b) of this section, any individual who in 1968 is in a position to which the amendments made by such subsections apply may make an irrevocable election not to have such amendments apply to the fees he receives in 1968 and every year thereafter, if on or before the due date of his income tax return for 1968 (including any extensions thereof) he files with the Secretary of the Treasury or his delegate, in such manner as the Secretary of the Treasury or his delegate shall by regulations prescribe, a certificate of election of exemption from such amendments.

(d) Section 218 of the Social Security Act is further amended by adding the following new subsection:

“Positions Compensated Solely on a Fee Basis

“(u) (1) Notwithstanding any other provision in this section, an agreement entered into under this section may be made applicable to service performed after 1967 in any class or classes of positions compensated solely on a fee basis to which such agreement did not apply prior to 1968 only if the State specifically requests that its agreement be made applicable to such service in such class or classes of positions.

“(2) Notwithstanding any other provision in this section, an agreement entered into under this section may be modified, at the option of the State, at any time after 1967, so as to exclude services performed in any class or classes of positions compensation for which is solely on a fee basis.

“(3) Any modification made under this subsection shall be effective with respect to services performed after the last day of the calendar year in which the modification is agreed to by the Secretary and the State.

“(4) If any class or classes of positions have been excluded from coverage under the State agreement by a modification agreed to under this subsection, the Secretary and the State may not thereafter modify such agreement so as to again make the agreement applicable with respect to such class or classes of positions.”

FAMILY EMPLOYMENT IN A PRIVATE HOME

SEC. 123. (a) Section 210(a)(3)(B) of the Social Security Act is amended by inserting after the semicolon the following: “except that the provisions of this subparagraph shall not be applicable to such domestic service if—

“(i) the employer is a surviving spouse or a divorced individual and has not remarried, or has a spouse living in the home who has a mental or physical condition which results in such spouse’s being incapable of caring for a son, daughter, stepson, or stepdaughter (referred to in clause (ii)) for at least 4 continuous weeks in the calendar quarter in which the service is rendered, and

“(ii) a son, daughter, stepson, or stepdaughter of such employer is living in the home, and

“(iii) the son, daughter, stepson, or stepdaughter (referred to in clause (ii)) has not attained age 18 or has a mental or physical

64 Stat. 514;
74 Stat. 930.
42 USC 418.

74 Stat. 942.
42 USC 410.

condition which requires the personal care and supervision of an adult for at least 4 continuous weeks in the calendar quarter in which the service is rendered;”

(b) Section 3121(b)(3)(B) of the Internal Revenue Code of 1954 (relating to definition of employment) is amended by inserting after the semicolon the following: “except that the provisions of this subparagraph shall not be applicable to such domestic service if— 74 Stat. 942.

“(i) the employer is a surviving spouse or a divorced individual and has not remarried, or has a spouse living in the home who has a mental or physical condition which results in such spouse’s being incapable of caring for a son, daughter, stepson, or stepdaughter (referred to in clause (ii)) for at least 4 continuous weeks in the calendar quarter in which the service is rendered, and

“(ii) a son, daughter, stepson, or stepdaughter of such employer is living in the home, and

“(iii) the son, daughter, stepson, or stepdaughter (referred to in clause (ii)) has not attained age 18 or has a mental or physical condition which requires the personal care and supervision of an adult for at least 4 continuous weeks in the calendar quarter in which the service is rendered;”

(c) The amendments made by this section shall apply with respect to services performed after December 31, 1967.

TERMINATION OF COVERAGE OF EMPLOYEES OF THE MASSACHUSETTS TURNPIKE AUTHORITY

SEC. 124. (a) Notwithstanding the provisions of section 218(g)(1) of the Social Security Act the Secretary may, under such conditions as he deems appropriate, permit the State of Massachusetts to modify its agreement entered into under section 218 of such Act so as to terminate the coverage of the employees of the Massachusetts Turnpike Authority effective at the end of any calendar quarter within the two years next following the date on which such agreement is so modified. 64 Stat. 516.
42 USC 418.

(b) If the coverage of employees of the Massachusetts Turnpike Authority is terminated pursuant to subsection (a), coverage cannot later be extended to the employees of such Authority.

PART 3—HEALTH INSURANCE BENEFITS

METHOD OF PAYMENT TO PHYSICIANS UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 125. (a) Section 1842(b)(3)(B) of the Social Security Act is amended— 79 Stat. 310.
42 USC 1395u.

(1) by striking out “(i)” and

(2) by striking out “and (ii)” and all that follows and inserting in lieu thereof the following: “and such payment will be made—

“(i) on the basis of an itemized bill; or

“(ii) on the basis of an assignment under the terms of which the reasonable charge is the full charge for the service; but (in the case of bills submitted, or requests for payment made, after March 1968) only if the bill is submitted, or a written request for payment is made in such other form as may be permitted under regulations, no later than the close of the calendar year following the year in which such service is furnished (deeming any service furnished in the last 3 months of any calendar year to have been furnished in the succeeding calendar year);”.

(b) The amendments made by subsection (a) shall apply with respect to claims on which a final determination has not been made on or before the date of enactment of this Act.

ELIMINATION OF REQUIREMENT OF PHYSICIAN CERTIFICATION IN CASE OF
CERTAIN HOSPITAL SERVICES

Post, p. 848. SEC. 126. (a) Section 1814(a) of the Social Security Act (as amended by section 129(c) (5) of this Act) is amended—

- (1) by striking out subparagraph (A) of paragraph (2);
- (2) by redesignating subparagraphs (B), (C), (D), and (E) of paragraph (2) as subparagraphs (A), (B), (C), and (D), respectively;
- (3) by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (4), (5), (6), and (7), respectively;
- (4) by inserting immediately after paragraph (2) the following new paragraph:

“(3) with respect to inpatient hospital services (other than inpatient psychiatric hospital services and inpatient tuberculosis hospital services) which are furnished over a period of time, a physician certifies that such services are required to be given on an inpatient basis for such individual’s medical treatment, or that inpatient diagnostic study is medically required and such services are necessary for such purpose, except that (A) such certification shall be furnished only in such cases, with such frequency, and accompanied by such supporting material, appropriate to the cases involved, as may be provided by regulations, and (B) the first such certification required in accordance with clause (A) shall be furnished no later than the 20th day of such period;” and

- (5) by striking out “(D), or (E)” in the last sentence and inserting in lieu thereof “or (D)”.

79 Stat. 303.
42 USC 1395m.
Post, p. 847.

(b) Section 1835(a) (2) (B) of such Act is amended by inserting after “medical and other health services,” the following: “except services described in subparagraphs (B) and (C) of section 1861(s) (2),”.

(c) The amendments made by this section shall apply with respect to services furnished after the date of the enactment of this Act.

INCLUSION OF PODIATRISTS’ SERVICES UNDER SUPPLEMENTARY
MEDICAL INSURANCE PROGRAM

79 Stat. 321.
42 USC 1395x.

SEC. 127. (a) Section 1861(r) of the Social Security Act is amended—

- (1) by striking out “or (2)” and inserting in lieu thereof “(2); and

(2) by inserting before the period at the end thereof the following: “, or (3) except for the purposes of section 1814(a), section 1835, and subsections (j), (k), (m), and (o) of this section, a doctor of podiatry or surgical chiropody, but (unless clause (1) of this subsection also applies to him) only with respect to functions which he is legally authorized to perform as such by the State in which he performs them”.

42 USC 1395y.

(b) Section 1862(a) of such Act is amended—

- (1) by striking out “or” at the end of paragraph (11);
- (2) by striking out the period at the end of paragraph (12) and inserting in lieu thereof “; or”; and
- (3) by adding after paragraph (12) the following new paragraph:
“(13) where such expenses are for—

"(A) the treatment of flat foot conditions and the prescription of supportive devices therefor,

"(B) the treatment of subluxations of the foot, or

"(C) routine foot care (including the cutting or removal of corns, warts, or calluses, the trimming of nails, and other routine hygienic care)."

(c) The amendments made by subsections (a) and (b) shall apply with respect to services furnished after December 31, 1967.

EXCLUSION OF CERTAIN SERVICES

SEC. 128. Section 1862(a) (7) of the Social Security Act is amended 79 Stat. 325.
by inserting after "changing eyeglasses," the following: "procedures 42 USC 1395y.
performed (during the course of any eye examination) to determine the refractive state of the eyes,".

TRANSFER OF ALL OUTPATIENT HOSPITAL SERVICES TO SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 129. (a) Section 1861(s) (2) of the Social Security Act is 42 USC 1395x.
amended—

(1) by inserting "(A)" after "(2)";

(2) by striking out "physicians' bills" and all that follows and inserting in lieu thereof the following: "physicians' bills;

"(B) hospital services (including drugs and biologicals which cannot, as determined in accordance with regulations, be self-administered) incident to physicians' services rendered to outpatients; and

"(C) diagnostic services which are—

"(i) furnished to an individual as an outpatient by a hospital or by others under arrangements with them made by a hospital, and

"(ii) ordinarily furnished by such hospital (or by others under such arrangements) to its outpatients for the purpose of diagnostic study;".

(b) Section 1861(s) of such Act is further amended by adding at the end thereof (after and below paragraph (11)) the following new sentence:

"There shall be excluded from the diagnostic services specified in paragraph (2) (C) any item or service (except services referred to in paragraph (1)) which—

"(12) would not be included under subsection (b) if it were furnished to an inpatient of a hospital; or

"(13) is furnished under arrangements referred to in such paragraph (2) (C) unless furnished in the hospital or in other facilities operated by or under the supervision of the hospital or its organized medical staff."

(c) (1) Section 226(b) (1) of such Act is amended by striking out 79 Stat. 290.
"post-hospital home health services, and outpatient hospital diagnos- 42 USC 426.
tic services" and inserting in lieu thereof "and post-hospital home health services".

(2) Section 1812(a) of such Act is amended—

(A) by adding "and" at the end of paragraph (2);

(B) by striking out "; and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(C) by striking out paragraph (4).

(3) Section 1813(a) of such Act is amended by striking out para- 42 USC 1395e.
graph (2), and by redesignating paragraphs (3) and (4) as para-
graphs (2) and (3), respectively.

81 STAT. 848
79 Stat. 293.
42 USC 1395e.

(4) (A) Section 1813(b) (1) of such Act is amended by striking out "or diagnostic study".

(B) The first sentence of section 1813(b) (2) of such Act is amended by striking out "or diagnostic study".

42 USC 1395f.
Ante, p. 846.

(5) (A) Section 1814(a) (2) of such Act is amended—

- (i) by adding "or" at the end of subparagraph (D) ;
- (ii) by striking out "or" at the end of subparagraph (E) ; and
- (iii) by striking out subparagraph (F).

(B) The last sentence of section 1814(a) of such Act is amended by striking out "(E), or (F)" and inserting in lieu thereof "or (E)".

(6) (A) Section 1814(d) of such Act is amended by striking out "or outpatient hospital diagnostic services".

42 USC 1395k.

(B) Section 1832(a) (2) (B) of such Act is amended by striking out "hospital" and inserting in lieu thereof "hospital and the services for which payment may be made pursuant to section 1835(b) (2)".

Infra.
42 USC 1395l.

(7) Section 1833(b) of such Act is amended—

(A) by striking out "(or regarded under clause (2) as incurred in such preceding year with respect to services furnished in such last three months)"; and

Post, p. 850.

(B) by striking out ", and (2)" and all that follows and inserting in lieu thereof a period.

79 Stat. 303.
42 USC 1395l.
42 USC 1395m.

(8) Section 1833(d) of such Act is amended by striking out "other than subsection (a) (2) (A) thereof".

(9) (A) Section 1835(a) of such Act is amended by striking out "Payment" and inserting in lieu thereof "Except as provided in subsection (b), payment".

(B) Section 1835 of such Act is further amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection:

42 USC 1395x.
Ante, p. 847.

"(b) (1) Payment may also be made to any hospital for services described in section 1861(s) furnished as an outpatient service by a hospital or by others under arrangements made by it to an individual entitled to benefits under this part even though such hospital does not have an agreement in effect under this title if (A) such services were emergency services, (B) the Secretary would be required to make such payment if the hospital had such an agreement in effect and otherwise met the conditions of payment hereunder, and (C) such hospital has made an election pursuant to section 1814(d) (1) (C) with respect to the calendar year in which such emergency services are provided. Such payments shall be made only in the amounts provided under section 1833(a) (2) and then only if such hospital agrees to comply, with respect to the emergency services provided, with the provisions of section 1866(a).

Post, p. 857.

"(2) Payment may also be made on the basis of an itemized bill to an individual for services described in paragraph (1) of this subsection if (A) payment cannot be made under such paragraph (1) solely because the hospital does not elect, in accordance with section 1814(d) (1) (C), to claim such payments and (B) such individual files application (submitted within such time and in such form and manner, and containing and supported by such information as the Secretary shall by regulations prescribe) for reimbursement. The amounts payable under this paragraph shall, subject to the provisions of section 1833, be equal to 80 percent of the hospital's reasonable charges for such services."

42 USC 1395x.

(C) Section 1861(e) of such Act is amended—

- (i) by striking out "except for purposes of section 1814(d)," and inserting in lieu thereof "except for purposes of sections 1814(d) and 1835(b)," ; and

(ii) by striking out "(including determination of whether an individual received inpatient hospital services for purposes of such section)" and inserting in lieu thereof "and 1835(b) (including determination of whether an individual received inpatient hospital services or diagnostic services for purposes of such sections)".

(10) Section 1861(p) of such Act is repealed.

(11) Section 1861(y) (3) of such Act is amended by striking out "1813(a) (4)" and inserting in lieu thereof "1813(a) (3)".

(12) (A) Section 1866(a) (2) (A) of such Act is amended—

(i) by striking out ", (a) (2), or (a) (4)" and inserting in lieu thereof "or (a) (3)"; and

(ii) by striking out "or, in the case of outpatient hospital diagnostic services, for which payment is made under part A".

(B) Section 1866(a) (2) (C) of such Act is amended by striking out "1813(a) (3)" and inserting in lieu thereof "1813(a) (2)".

(13) Section 21(a) of the Railroad Retirement Act of 1937 is amended by striking out "post-hospital home health services, and outpatient hospital diagnostic services" and inserting in lieu thereof "and post-hospital home health services".

(d) The amendments made by this section shall apply with respect to services furnished after March 31, 1968, except that subsection (c) (5) of such section shall become effective with respect to services furnished after the date of enactment of this Act.

Repeal.

79 Stat. 321.

42 USC 1395x.

42 USC 1395cc.

79 Stat. 340.

45 USC 228s-2.

BILLING BY HOSPITAL FOR SERVICES FURNISHED TO OUTPATIENTS

SEC. 130. (a) Section 1835(a) of the Social Security Act (as amended by section 129(c) (9) (A) of this Act) is further amended by striking out "Except as provided in subsection (b)," and inserting in lieu thereof "Except as provided in subsections (b) and (c)."

Ante, p. 848.

(b) Section 1835 of such Act (as amended by section 129(c) (9) (B) of this Act) is amended by redesignating subsection (c) (as redesignated) as subsection (d), and by inserting after subsection (b) the following new subsection:

"(c) Notwithstanding the provisions of this section and sections 1832, 1833, and 1866(a) (1) (A), a hospital may, subject to such limitations as may be prescribed by regulations, collect from an individual the customary charges for services specified in section 1861(s) and furnished to him by such hospital as an outpatient, but only if such charges for such services do not exceed \$50, and such customary charges shall be regarded as expenses incurred by such individual with respect to which benefits are payable in accordance with section 1833 (a) (1). Payments under this title to hospitals which have elected to make collections from individuals in accordance with the preceding sentence shall be adjusted periodically to place the hospital in the same position it would have been had it instead been reimbursed in accordance with section 1833(a) (2)."

42 USC 1395k,

1395l, 1395cc.

42 USC 1395x.

Ante, p. 847.

Infra.

(c) The amendments made by this section shall apply with respect to services furnished after March 31, 1968.

PAYMENT OF REASONABLE CHARGES FOR RADIOLOGICAL OR PATHOLOGICAL SERVICES FURNISHED BY CERTAIN PHYSICIANS TO HOSPITAL INPATIENTS

SEC. 131. (a) Section 1833(a) (1) of the Social Security Act is amended—

79 Stat. 302.

42 USC 1395l.

(1) by striking out "except that" and inserting in lieu thereof "except that (A)", and

(2) by striking out "of subsection (b)" and inserting in lieu thereof "of subsection (b), and (B) with respect to expenses

incurred for radiological or pathological services for which payment may be made under this part, furnished to an inpatient of a hospital by a physician in the field of radiology or pathology, the amounts paid shall be equal to 100 percent of the reasonable charges for such services".

Ante, p. 848.

(b) Section 1833(b) of such Act (as amended by section 129(c) (7) of this Act) is amended by inserting before the period at the end thereof the following: ", and (2) such total amount shall not include expenses incurred for radiological or pathological services furnished to such individual as an inpatient of a hospital by a physician in the field of radiology or pathology".

(c) The amendments made by this section shall apply with respect to services furnished after March 31, 1968.

PAYMENT FOR PURCHASE OF DURABLE MEDICAL EQUIPMENT

79 Stat. 322.

42 USC 1395x.

SEC. 132. (a) Section 1861(s) (6) of the Social Security Act is amended by striking out "rental of", and by inserting before the semicolon at the end thereof the following: ", whether furnished on a rental basis or purchased".

42 USC 1395l.

(b) Section 1833 of such Act is amended by adding at the end thereof the following new subsection:

"(f) In the case of the purchase of durable medical equipment included under section 1861(s) (6), by or on behalf of an individual, payment shall be made in such amounts as the Secretary determines to be equivalent to payments that would have been made under this part had such equipment been rented and over such period of time as the Secretary finds such equipment would be used for such individual's medical treatment, except that with respect to purchases of inexpensive equipment (as determined by the Secretary) payment may be made in a lump sum if the Secretary finds that such method of payment is less costly or more practical than periodic payments."

(c) The amendments made by this section shall apply only with respect to items purchased after December 31, 1967.

PAYMENT FOR PHYSICAL THERAPY SERVICES FURNISHED TO OUTPATIENTS

Ante, p. 847.

SEC. 133. (a) Section 1861(s) (2) of the Social Security Act (as amended by section 129(a) (2) of this Act) is amended by—

- (1) striking out "and" at the end of subparagraph (B);
- (2) inserting "and" at the end of subparagraph (C); and
- (3) adding at the end thereof the following:

"(D) outpatient physical therapy services;"

(b) Section 1861 of such Act is amended by inserting after subsection (o) the following new subsection (in lieu of subsection (p) repealed by section 129(c) (10) of this Act):

Ante, p. 849.

"Outpatient Physical Therapy Services

"(p) The term 'outpatient physical therapy services' means physical therapy services furnished by a provider of services, a clinic, rehabilitation agency, or a public health agency, or by others under an arrangement with, and under the supervision of, such provider, clinic, rehabilitation agency, or public health agency to an individual as an outpatient—

"(1) who is under the care of a physician (as defined in section 1861(r) (1)), and

"(2) with respect to whom a plan prescribing the type, amount, and duration of physical therapy services that are to be fur-

nished such individual has been established, and is periodically reviewed, by a physician (as so defined);
excluding, however—

“(3) any item or service if it would not be included under subsection (b) if furnished to an inpatient of a hospital; and

“(4) any such service—

“(A) if furnished by a clinic or rehabilitation agency, or by others under arrangements with such clinic or agency, unless such clinic or rehabilitation agency—

“(i) provides an adequate program of physical therapy services for outpatients and has the facilities and personnel required for such program or required for the supervision of such a program, in accordance with such requirements as the Secretary may specify,

“(ii) has policies, established by a group of professional personnel, including one or more physicians (associated with the clinic or rehabilitation agency) and one or more qualified physical therapists, to govern the services (referred to in clause (i)) it provides,

“(iii) maintains clinical records on all patients,

“(iv) if such clinic or agency is situated in a State in which State or applicable local law provides for the licensing of institutions of this nature, (I) is licensed pursuant to such law, or (II) is approved by the agency of such State or locality responsible for licensing institutions of this nature, as meeting the standards established for such licensing; and

“(v) meets such other conditions relating to the health and safety of individuals who are furnished services by such clinic or agency on an outpatient basis, as the Secretary may find necessary, or

“(B) if furnished by a public health agency, unless such agency meets such other conditions relating to health and safety of individuals who are furnished services by such agency on an outpatient basis, as the Secretary may find necessary.”

(c) Section 1866 of such Act is amended by adding at the end thereof the following new subsection:

79 Stat. 327.
42 USC 1395cc.

“(e) For purposes of this section, the term ‘provider of services’ shall include a clinic, rehabilitation agency, or public health agency if, in the case of a clinic or rehabilitation agency, such clinic or agency meets the requirements of section 1861(p)(4)(A), or if, in the case of a public health agency, such agency meets the requirements of section 1861(p)(4)(B), but only with respect to the furnishing of outpatient physical therapy services (as therein defined).”

“Provider of services.”

Supra.

(d) Section 1832(a) of such Act is amended by—

79 Stat. 302.
42 USC 1395k.

(1) deleting “and” at the end of paragraph (2)(A) thereof;

(2) striking out the period at the end and inserting in lieu thereof the following: “; and”; and

(3) adding at the end thereof the following new subparagraph:

“(C) outpatient physical therapy services.”

(e) Section 1835(a)(2) of such Act (as amended by section 126(b) of this Act) is amended by—

Ante, p. 846.

(1) striking out “and” at the end of subparagraph (A);

(2) striking out the period at the end and inserting in lieu thereof the following: “; and”; and

(3) adding at the end thereof the following new subparagraph:

“(C) in the case of outpatient physical therapy services,

(i) such services are or were required because the individual

needed physical therapy services on an outpatient basis, (ii) a plan for furnishing such services has been established, and is periodically reviewed, by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician.”;

(4) striking out “(B) and (C) of section 1861(s)(2)” and inserting in lieu thereof “(B), (C), and (D) of section 1861(s)(2)”; and

Ante, p. 850.
“Provider of
services.”

(5) adding at the end thereof the following new sentence: “For purposes of this section, the term ‘provider of services’ shall include a clinic, rehabilitation agency, or public health agency if, in the case of a clinic or rehabilitation agency, such clinic or agency meets the requirements of section 1861(p)(4)(A), or if, in the case of a public health agency, such agency meets the requirements of section 1861(p)(4)(B), but only with respect to the furnishing of outpatient physical therapy services (as therein defined).”

Ante, p. 851.

79 Stat. 326.
42 USC 1395aa.

(f) The first sentence of section 1864(a) of such Act is amended by inserting before the period the following: “, or whether a clinic, rehabilitation agency or public health agency meets the requirements of subparagraph (A) or (B), as the case may be, of section 1861(p)(4)”.

(g) The amendments made by the preceding subsections of this section shall apply to services furnished after June 30, 1968.

PAYMENT FOR CERTAIN PORTABLE X-RAY SERVICES

42 USC 1395x.

SEC. 134. (a) Section 1861(s)(3) of the Social Security Act is amended by striking out “diagnostic X-ray tests,” and inserting in lieu thereof the following: “diagnostic X-ray tests (including tests under the supervision of a physician, furnished in a place of residence used as the patient’s home, if the performance of such tests meets such conditions relating to health and safety as the Secretary may find necessary).”

(b) The amendment made by subsection (a) shall apply with respect to services furnished after December 31, 1967.

BLOOD DEDUCTIBLES

Ante, p. 847.

SEC. 135. (a) (1) Section 1813(a)(2) of the Social Security Act (as redesignated by section 129(c)(3) of this Act) is amended to read as follows:

“(2) The amount payable to any provider of services under this part for services furnished an individual during any spell of illness shall be further reduced by a deduction equal to the cost of the first three pints of whole blood (or equivalent quantities of packed red blood cells, as defined under regulations) furnished to him as part of such services during such spell of illness.”

Ante, p. 849.

(b) Section 1866(a)(2)(C) of such Act (as amended by section 129(c)(12)(B) of this Act) is amended—

(1) by striking out “may also charge” and inserting in lieu thereof “may in accordance with its customary practice also appropriately charge”;

(2) by inserting after “whole blood” the following: “(or equivalent quantities of packed red blood cells, as defined under regulations)”;

(3) by inserting after “blood” where it appears in clauses (i), (ii), and (iii) the following: “(or equivalent quantities of packed red blood cells, as so defined)”;

(4) by adding at the end thereof the following new sentence: “For purposes of clause (iii) of the preceding sentence, whole

blood (or equivalent quantities of packed red blood cells, as so defined) furnished an individual shall be deemed replaced when the provider of services is given one pint of blood for each pint of blood (or equivalent quantities of packed red blood cells, as so defined) furnished such individual with respect to which a deduction is imposed under section 1813(a)(2)."

Ante, p. 852.

(c) Section 1833(b) of such Act (as amended by sections 129(c)(7) and 131(b) of this Act) is amended by adding at the end thereof the following new sentence: "The total amount of the expenses incurred by an individual as determined under the preceding sentence shall, after the reduction specified in such sentence, be further reduced by an amount equal to the expenses incurred for the first three pints of whole blood (or equivalent quantities of packed red blood cells, as defined under regulations) furnished to the individual during the calendar year, except that such deductible for such blood shall in accordance with regulations be appropriately reduced to the extent that there has been a replacement of such blood (or equivalent quantities of packed red blood cells, as so defined); and for such purposes blood (or equivalent quantities of packed red blood cells, as so defined) furnished such individual shall be deemed replaced when the institution or other person furnishing such blood (or such equivalent quantities of packed red blood cells, as so defined) is given one pint of blood for each pint of blood (or equivalent quantities of packed red blood cells, as so defined) furnished such individual with respect to which a deduction is made under this sentence."

Ante, pp. 848, 850.

(d) The amendments made by this section shall apply with respect to payment for blood (or packed red blood cells) furnished an individual after December 31, 1967.

ENROLLMENT UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM
BASED ON ALLEGED DATE OF ATTAINING AGE 65

SEC. 136. (a) Section 1837(d) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Where the Secretary finds that an individual who has attained age 65 failed to enroll under this part during his initial enrollment period (based on a determination by the Secretary of the month in which such individual attained age 65), because such individual (relying on documentary evidence) was mistaken as to his correct date of birth, the Secretary shall establish for such individual an initial enrollment period based on his attaining age 65 at the time shown in such documentary evidence (with a coverage period determined under section 1838 as though he had attained such age at that time)."

79 Stat. 304;
80 Stat. 105.
42 USC 1395p.

(b) The amendment made by subsection (a) shall apply to individuals enrolling under part B of title XVIII in months beginning after the date of the enactment of this Act.

42 USC 1395j-
1395w.

EXTENSION BY 60 DAYS DURING INDIVIDUAL'S LIFETIME OF MAXIMUM
DURATION OF BENEFITS FOR INPATIENT HOSPITAL SERVICES

SEC. 137. (a)(1) Section 1812(a)(1) of the Social Security Act is amended by striking out "up to 90 days during any spell of illness" and inserting in lieu thereof "up to 150 days during any spell of illness minus 1 day for each day of inpatient hospital services in excess of 90 received during any preceding spell of illness (if such individual was entitled to have payment for such services made under this part unless he specifies in accordance with regulations of the Secretary that he does not desire to have such payment made)".

42 USC 1395d.

(2) Section 1812(b)(1) of such Act is amended by striking out "for 90 days during such spell" and inserting in lieu thereof "for 150 days

79 Stat. 292.
42 USC 1395e.

during such spell minus 1 day for each day of inpatient hospital services in excess of 90 received during any preceding spell of illness (if such individual was entitled to have payment for such services made under this part unless he specifies in accordance with regulations of the Secretary that he does not desire to have such payment made)".

(b) The second sentence of section 1813(a)(1) of such Act is amended to read as follows: "Such amount shall be further reduced by a coinsurance amount equal to—

"(A) one-fourth of the inpatient hospital deductible for each day (before the 91st day) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell; and

"(B) one-half of the inpatient hospital deductible for each day (before the day following the last day for which such individual is entitled under section 1812(a)(1) to have payment made on his behalf for inpatient hospital services during such spell of illness) on which such individual is furnished such services during such spell of illness after such services have been furnished to him for 90 days during such spell;

except that the reduction under this sentence for any day shall not exceed the charges imposed for that day with respect to such individual for such services (and for this purpose, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charges so imposed)."

(c) The amendments made by subsections (a) and (b) shall apply with respect to services furnished after December 31, 1967.

LIMITATION ON SPECIAL REDUCTION IN ALLOWABLE DAYS OF INPATIENT HOSPITAL SERVICES

42 USC 1395d.

Ante, p. 853.

SEC. 138. (a) Section 1812(c) of the Social Security Act is amended by striking out "in the 90-day period immediately before such first day shall be included in determining the 90-day limit under subsection (b)(1) (but not in determining the 190-day limit under subsection (b)(3))" and inserting in lieu thereof "in the 150-day period immediately before such first day shall be included in determining the number of days limit under subsection (b)(1) insofar as such limit applies to (1) inpatient psychiatric hospital services and inpatient tuberculosis hospital services, or (2) inpatient hospital services for an individual who is an inpatient primarily for the diagnosis or treatment of mental illness or tuberculosis (but shall not be included in determining such number of days limit insofar as it applies to other inpatient hospital services or in determining the 190-day limit under subsection (b)(3))".

(b) The amendment made by subsection (a) shall apply with respect to payment for services furnished after December 31, 1967.

TRANSITIONAL PROVISION ON ELIGIBILITY OF PRESENTLY UNINSURED INDIVIDUALS FOR HOSPITAL INSURANCE BENEFITS

79 Stat. 333.
42 USC 426a.

SEC. 139. Section 103(a)(2) of the Social Security Amendments of 1965 is amended by striking out "1965" in clause (B) and inserting in lieu thereof "1966".

ADVISORY COUNCIL TO STUDY COVERAGE OF THE DISABLED UNDER TITLE XVIII OF THE SOCIAL SECURITY ACT

79 Stat. 291.
42 USC 1395-
139511.

SEC. 140. (a) The Secretary of Health, Education, and Welfare shall appoint an Advisory Council to study the need for coverage of the disabled under the health insurance program of title XVIII of the Social Security Act.

(b) The Council shall be appointed by the Secretary during 1968 without regard to the provisions of title 5, United States Code, governing appointments in the competitive service and shall consist of 12 persons who shall, to the extent possible, represent organizations of employers and employees in equal numbers, and represent self-employed persons and the public.

80 Stat. 417.
5 USC 3301
et seq.

(c) The Council is authorized to engage such technical assistance, including actuarial services, as may be required to carry out its functions, and the Secretary shall, in addition, make available to such Council such secretarial, clerical, and other assistance and such actuarial and other pertinent data prepared by the Department of Health, Education, and Welfare as it may require to carry out such functions.

(d) Members of the Council, while serving on the business of the Council (inclusive of travel time), shall receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.

Compensation,
travel ex-
penses.

80 Stat. 499.

(e) The Council shall make findings on the unmet need of the disabled for health insurance, on the costs involved in providing the disabled with insurance protection to cover the cost of hospital and medical services, and on the ways of financing this insurance. The Council shall submit a report of its findings to the Secretary not later than January 1, 1969, together with recommendations on how such protection should be financed and, if such financing is to be accomplished through the trust funds established under title XVIII of the Social Security Act, on the extent to which each of such trust funds should bear the cost of such financing. Such report shall thereupon be transmitted to the Congress and to the Boards of Trustees created by sections 1817(b) and 1841(b) of the Social Security Act. After the date of transmittal to the Congress of the report, the Council shall cease to exist.

79 Stat. 291.
42 USC 1395-
139511.
Report to
Congress.
42 USC 1395i,
1395t.
Expiration date.

STUDY TO DETERMINE FEASIBILITY OF INCLUSION OF CERTAIN ADDITIONAL SERVICES UNDER PART B OF TITLE XVIII OF THE SOCIAL SECURITY ACT

SEC. 141. The Secretary shall make a study relating to the inclusion under the supplementary medical insurance program (part B of title XVIII of the Social Security Act) of services of additional types of licensed practitioners performing health services in independent practice. The Secretary shall make a report to the Congress prior to January 1, 1969, of his finding with respect to the need for covering, under the supplementary medical insurance program, any of the various types of services such practitioners perform and the costs to such program of covering such additional services, and shall make recommendations as to the priority and method for covering these services and the measures that should be adopted to protect the health and safety of the individuals to whom such services would be furnished.

42 USC 1395j-
1395w.
Report to
Congress.

PROVISIONS FOR BENEFITS UNDER PART A OF TITLE XVIII OF THE SOCIAL SECURITY ACT FOR SERVICES TO PATIENTS ADMITTED PRIOR TO 1968 TO CERTAIN HOSPITALS

SEC. 142. (a) Notwithstanding any provision of title XVIII of the Social Security Act, an individual who is entitled to hospital insurance benefits under section 226 of such Act may, subject to subsections (b) and (c), receive, on the basis of an itemized bill, reimbursement for charges to him for inpatient hospital services (as defined in section

79 Stat. 290.
42 USC 426.

79 Stat. 313.
42 USC 1395x.

1861 of such Act, but without regard to subsection (e) of such section) furnished by, or under arrangements (as defined in section 1861(w) of such Act) with, a hospital if—

42 USC 1395cc.
42 USC 1395c-
13951.

(1) the hospital did not have an agreement in effect under section 1866 of such Act but would have been eligible for payment under part A of title XVIII of such Act with respect to such services if at the time such services were furnished the hospital had such an agreement in effect;

(2) the hospital (A) meets the requirements of paragraphs (5) and (7) of section 1861(e) of such Act, (B) is not primarily engaged in providing the services described in section 1861(j)

(1) (A) of such Act, and (C) is primarily engaged in providing, by or under the supervision of individuals referred to in paragraph (1) of section 1861(r) of such Act, to inpatients (i) diagnostic services and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons, or (ii) rehabilitation services for the rehabilitation of injured, disabled, or sick persons;

(3) the hospital did not meet the requirements that must be met to permit payment to the hospital under part A of title XVIII of such Act; and

(4) an application is filed (submitted in such form and manner and by such person, and containing and supported by such information, as the Secretary shall by regulations prescribe) for reimbursement before January 1, 1969.

(b) Payments under this section may not be made for inpatient hospital services (as described in subsection (a)) furnished to an individual—

(1) prior to July 1, 1966,

(2) after December 31, 1967, unless furnished with respect to an admission to the hospital prior to January 1, 1968, and

(3) for more than—

(A) 90 days in any spell of illness, but only if (i) prior to January 1, 1969, the hospital furnishing such services entered into an agreement under section 1866 of the Social Security Act and (ii) the hospital's plan for utilization review, as provided for in section 1861(k) of such Act, has, in accordance with section 1814 of such Act, been applied to the services furnished such individual, or

42 USC 1395f.

(B) 20 days in any spell of illness, if the hospital did not meet the conditions of clauses (i) and (ii) of subparagraph (A).

(c) (1) The amounts payable in accordance with subsection (a) with respect to inpatient hospital services shall, subject to paragraph (2) of this subsection, be paid from the Federal Hospital Insurance Trust Fund in amounts equal to 60 percent of the hospital's reasonable charges for routine services furnished in the accommodations occupied by the individual or in semi-private accommodations (as defined in section 1861(v) (4) of the Social Security Act) whichever is less, plus 80 percent of the hospital's reasonable charges for ancillary services. If separate charges for routine and ancillary services are not made by the hospital, reimbursement may be based on two-thirds of the hospital's reasonable charges for the services received but not to exceed the charges which would have been made if the patient had occupied semi-private accommodations (as so defined). For purposes of the preceding provisions of this paragraph, the term "routine services" shall mean the regular room, dietary, and nursing services, minor medical

"Routine
services."

and surgical supplies and the use of equipment and facilities for which a separate charge is not customarily made; the term "ancillary services" shall mean those special services for which charges are customarily made in addition to routine services.

"Ancillary services."

(2) Before applying paragraph (1), payments made under this section shall be reduced to the extent provided for under section 1813 of the Social Security Act in the case of benefits payable to providers of services under part A of title XVIII of such Act.

79 Stat. 292.
42 USC 1395e.
42 USC 1395c-13951.

(d) For the purposes of this section—

(1) the 90-day period, referred to in subsection (b)(3)(A), shall be reduced by the number of days of inpatient hospital services furnished to such individual during the spell of illness, referred to therein, and with respect to which he was entitled to have payment made under part A of title XVIII of the Social Security Act;

(2) the 20-day period, referred to in subsection (b)(3)(B) shall be reduced by the number of days in excess of 70 days of inpatient hospital services furnished during the spell of illness, referred to therein, and with respect to which such individual was entitled to have payment made under such part A;

(3) the term "spell of illness" shall have the meaning assigned to it by subsection (a) of section 1861 of such Act except that the term "inpatient hospital services" as it appears in such subsection shall have the meaning assigned to it by subsection (a) of this section.

"Spell of illness;"
"Inpatient hospital services."
42 USC 1395x.

PAYMENTS FOR EMERGENCY HOSPITAL SERVICES

SEC. 143. (a) The second sentence following paragraph (8) of section 1861(e) of the Social Security Act is amended by striking out "which meets the requirement of paragraphs (1), (2), (3), (4), (5) and (7) of this subsection" and inserting in lieu thereof "which (i) meets the requirements of paragraphs (5) and (7) of this subsection, (ii) is not primarily engaged in providing the services described in section 1861(j)(1)(A) and (iii) is primarily engaged in providing, by or under the supervision of individuals referred to in paragraph (1) of section 1861(r), to inpatients diagnostic services and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons, or rehabilitation services for the rehabilitation of injured, disabled, or sick persons."

(b) That portion of section 1812(a) of such Act that precedes paragraph (1) thereof is amended by inserting "or, in the case of payments referred to in section 1814(d)(2) to him" after "on his behalf".

42 USC 1395d.
Post, p. 858.
79 Stat. 296.
42 USC 1395f.

(c) Section 1814(d) of such Act is amended by—

(1) striking out "Payments" and inserting in lieu thereof "(1) Payments";

(2) deleting "furnished" and inserting "furnished in a calendar year";

(3) deleting "and" at the end of clause (A) and inserting a comma in lieu thereof;

(4) inserting before the period at the end of the first sentence the following: ", and (C) such hospital has elected to claim payments for all such inpatient emergency services and for the emergency outpatient services referred to in section 1835(b) furnished during such year"; and

Ante, p. 848.

(5) adding at the end of such section 1814(d) the following new paragraphs:

79 Stat. 290.
42 USC 426.

"(2) Payment may be made on the basis of an itemized bill to an individual entitled to hospital insurance benefits under section 226 for services described in paragraph (1) which are emergency services if (A) payment cannot be made under paragraph (1) solely because the hospital does not elect to claim such payment, and (B) such individual files application (submitted within such time and in such form and manner and by such person, and containing and supported by such information as the Secretary shall by regulations prescribe) for reimbursement.

42 USC 1395e.

42 USC 1395x.

"Routine
services."

"Ancillary
services."

"(3) The amounts payable under the preceding paragraph with respect to services described therein shall, subject to the provisions of section 1813, be equal to 60 percent of the hospital's reasonable charges for routine services furnished in the accommodations occupied by the individual or in semiprivate accommodations (as defined in section 1861(v)(4)), whichever is less, plus 80 percent of the hospital's reasonable charges for ancillary services. If separate charges for routine and ancillary services are not made by the hospital, reimbursement may be based on two-thirds of the hospital's reasonable charges for the services received but not to exceed the charges which would have been made if the patient had occupied semiprivate accommodations. For purposes of the preceding provisions of this paragraph, the term 'routine services' shall mean the regular room, dietary, and nursing services, minor medical and surgical supplies and the use of equipment and facilities for which a separate charge is not customarily made; the term 'ancillary services' shall mean those special services for which charges are customarily made in addition to routine services."

(d) The provisions made by subsection (a) of this section shall become effective as of July 1, 1966, and the provisions made by subsections (b) and (c) of this section shall apply to services furnished with respect to admissions occurring after December 31, 1967, and to outpatient hospital diagnostic services furnished after December 31, 1967, and before April 1, 1968.

PAYMENT UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM FOR CERTAIN INPATIENT ANCILLARY SERVICES

79 Stat. 321.
42 USC 1395x.

SEC. 144. (a) So much of section 1861(s) of the Social Security Act which precedes paragraph (1) is amended by striking out "(unless they would otherwise constitute inpatient hospital services, extended care services, or home health services)".

(b) The sentence immediately following paragraph (9) of section 1861(s) of such Act is amended by inserting after "hospital" the following: "(which, for purposes of this sentence, means an institution considered a hospital for purposes of section 1814(d))".

Arts, p. 247.

42 USC 1395f.

(c) Section 1861(s) of such Act is amended by adding at the end thereof (after and below paragraph (13) as added to such section by section 129(b) of this Act) the following new sentence: "None of the items and services referred to in the preceding paragraphs (other than paragraphs (1) and (2)(A)) of this subsection which are furnished to a patient of an institution which meets the definition of a hospital for purposes of section 1814(d) shall be included unless such other conditions are met as the Secretary may find necessary relating to health and safety of individuals with respect to whom such items and services are furnished."

(d) Section 1861(s)(6) of such Act is amended by striking out "as his home" and inserting in lieu thereof "as his home other than an

institution that meets the requirements of subsection (e) (1) or (j) (1) of this section".

(e) The amendments made by this section shall apply with respect to services furnished after March 31, 1968.

GENERAL ENROLLMENT PERIOD UNDER TITLE XVIII

SEC. 145. (a) Section 1837(b)(1) of the Social Security Act is amended to read as follows: 79 Stat. 304.
42 USC 1395p.

"(1) No individual may enroll for the first time under this part unless he does so in a general enrollment period (as provided in subsection (e)) which begins within 3 years after the close of the first enrollment period during which he could have enrolled under this part."

(b) Section 1837(e) of such Act is amended to read as follows:

"(e) There shall be a general enrollment period, after the period described in subsection (c), during the period beginning on January 1 and ending on March 31 of each year beginning with 1969."

(c) Section 1838(b) of such Act is amended by—

42 USC 1395q.

(1) striking out in paragraph (1) the following: ", during a general enrollment period described in section 1837(e),"; and

(2) striking out "December 31 of the year" and inserting in lieu thereof "the calendar quarter following the calendar quarter".

(d) Section 1839(b)(2) of such Act is amended to read as follows: 42 USC 1395r.

"(2) The Secretary shall, during December 1968 and of each year thereafter, determine and promulgate the dollar amount (whether or not such dollar amount was applicable for premiums for any prior month) which shall be applicable for premiums for months occurring in the 12-month period commencing July 1 in each succeeding year. Such dollar amount shall be such amount as the Secretary estimates to be necessary so that the aggregate premiums for such 12-month period will equal one-half of the total of the benefits and administrative costs which he estimates will be payable from the Federal Supplementary Medical Insurance Trust Fund for such 12-month period. In estimating aggregate benefits payable for any period, the Secretary shall include an appropriate amount for a contingency margin. Whenever the Secretary, pursuant to the preceding sentence, promulgates the dollar amount which shall be applicable for premiums for any period, he shall, at the time such promulgation is announced, issue a public statement setting forth the actuarial assumptions and bases employed by him in arriving at the amount of premiums so promulgated."

(e) The amendments made by subsections (a), (b), and (c) shall become effective April 1, 1968. Notwithstanding the provisions of section 2 of Public Law 90-97, the amendments made by subsection (d) shall become effective December 1, 1968. Ante, p. 249.

ELIMINATION OF SPECIAL REDUCTION IN ALLOWABLE DAYS OF INPATIENT HOSPITAL SERVICES FOR PATIENTS IN TUBERCULOSIS HOSPITALS

SEC. 146. (a) Section 1812(c) of the Social Security Act (as amended by section 138 of this Act) is further amended—

Ante, p. 854.

(1) by striking out "a psychiatric hospital or a tuberculosis hospital" and inserting in lieu thereof "a psychiatric hospital";

(2) by striking out "and inpatient tuberculosis hospital services", and

(3) by striking out "or tuberculosis".

(b) The amendments made by subsection (a) shall apply with respect to payment for services furnished after December 31, 1967.

PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS

ELIGIBILITY OF ADOPTED CHILD FOR MONTHLY BENEFITS

72 Stat. 1028.
42 USC 416.

SEC. 150. (a) The second sentence of section 216(e) of the Social Security Act is amended by striking out "before the end of two years after the day on which such individual died or the date of enactment of this Act" and inserting in lieu thereof "only if (A) proceedings for the adoption of the child had been instituted by such individual before his death, or (B) such child was adopted by such individual's surviving spouse before the end of two years after (i) the day on which such individual died or (ii) the date of enactment of the Social Security Amendments of 1958".

42 USC 302
note.

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after January 1968, but only on the basis of an application filed in or after the month in which this Act is enacted.

42 USC 401-
428; Ante,
p. 833.

CRITERIA FOR DETERMINING CHILD'S DEPENDENCY ON MOTHER

64 Stat. 484.
42 USC 402.

SEC. 151. (a) Section 202(d)(3) of the Social Security Act is amended—

74 Stat. 952.

(1) by inserting "or his mother or adopting mother" after "his father or adopting father" in the first sentence; and

(2) by striking out " , if such individual is the child's father," in the second sentence.

(b) Section 202(d)(4) of such Act is amended by inserting "or stepmother" after "stepfather" each place it appears.

64 Stat. 484;
72 Stat. 1030;
79 Stat. 371,
397.

(c) Section 202(d) of such Act is further amended by striking out paragraph (5), and by redesignating paragraphs (6) through (10) as paragraphs (5) through (9), respectively.

(d)(1) The paragraph of section 202(d) of such Act redesignated as paragraph (9) by subsection (c) of this section is amended by striking out "under paragraph (9)" and inserting in lieu thereof "under paragraph (8)".

79 Stat. 372.

(2) Paragraphs (2) and (3) of section 202(s) of such Act are each amended by striking out "(d)(6)," and inserting in lieu thereof "(d)(5),".

65 Stat. 689.
45 USC 228e.

(3) Section (5)(1)(1) of the Railroad Retirement Act of 1937 is amended—

(A) by striking out "(3), (4), or (5)" in the third sentence and inserting in lieu thereof "(3) or (4)"; and

80 Stat. 1084.

(B) by striking out "paragraph (8)" in the ninth sentence and inserting in lieu thereof "paragraph (7)".

(e) The amendments made by this section shall apply with respect to monthly benefits payable under title II of the Social Security Act (and annuities accruing under the Railroad Retirement Act of 1937) for months after January 1968, but only on the basis of applications filed in or after the month in which this Act is enacted.

50 Stat. 307.
45 USC 228a-
228s-2.

RECOVERY OF OVERPAYMENTS

53 Stat. 1368.
42 USC 404.

SEC. 152. (a) Section 204(a) of the Social Security Act is amended to read as follows:

"(a) Whenever the Secretary finds that more or less than the correct amount of payment has been made to any person under this title, proper adjustment or recovery shall be made, under regulations prescribed by the Secretary, as follows:

"(1) With respect to payment to a person of more than the correct amount, the Secretary shall decrease any payment under this title to which such overpaid person is entitled, or shall require such overpaid person or his estate to refund the amount in excess of the correct amount, or shall decrease any payment under this title payable to his estate or to any other person on the basis of the wages and self-employment income which were the basis of the payments to such overpaid person, or shall apply any combination of the foregoing.

"(2) With respect to payment to a person of less than the correct amount, the Secretary shall make payment of the balance of the amount due such underpaid person, or, if such person dies before payments are completed or before negotiating one or more checks representing correct payments, disposition of the amount due shall be made in accordance with subsection (d)."

(b) Section 204(b) of such Act is amended to read as follows:

53 Stat. 1368.

"(b) In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if such adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience."

42 USC 404.

BENEFITS PAID ON BASIS OF ERRONEOUS REPORTS OF DEATH IN MILITARY SERVICE

SEC. 153. (a) Section 204(a)(1) of the Social Security Act (as amended by section 152 of this Act) is further amended by adding at the end the following sentence: "A payment made under this title on the basis of an erroneous report of death by the Department of Defense of an individual in the line of duty while he is a member of the uniformed services (as defined in section 210(m)) on active duty (as defined in section 210(1)) shall not be considered an incorrect payment for any month prior to the month such Department notifies the Secretary that such individual is alive."

Ante, p. 860.

42 USC 410.

(b) The amendment made by this section shall apply with respect to benefits under title II of the Social Security Act if the individual to whom such benefits were paid would have been entitled to such benefits in or after the month in which this Act was enacted if the report mentioned in the amendment made by subsection (a) of this section had been correct (but without regard to the provisions of section 202(j)(1) of such Act).

42 USC 401-428; Ante, p. 833.

42 USC 402.

UNDERPAYMENTS

SEC. 154. (a) Section 204(d) of the Social Security Act is amended to read as follows:

79 Stat. 401.

42 USC 404.

"(d) If an individual dies before any payment due him under this title is completed, payment of the amount due (including the amount of any unnegotiated checks) shall be made—

"(1) to the person, if any, who is determined by the Secretary to be the surviving spouse of the deceased individual and who either (i) was living in the same household with the deceased at the time of his death or (ii) was, for the month in which the deceased individual died, entitled to a monthly benefit on the basis of the same wages and self-employment income as was the deceased individual;

"(2) if there is no person who meets the requirements of paragraph (1), or if the person who meets such requirements dies before the payment due him under this title is completed, to the child or children, if any, of the deceased individual who were, for

the month in which the deceased individual died, entitled to monthly benefits on the basis of the same wages and self-employment income as was the deceased individual (and, in case there is more than one such child, in equal parts to each such child);

"(3) if there is no person who meets the requirements of paragraph (1) or (2), or if each person who meets such requirements dies before the payment due him under this title is completed, to the parent or parents, if any, of the deceased individual who were, for the month in which the deceased individual died, entitled to monthly benefits on the basis of the same wages and self-employment income as was the deceased individual (and, in case there is more than one such parent, in equal parts to each such parent);

"(4) if there is no person who meets the requirements of paragraph (1), (2), or (3), or if each person who meets such requirements dies before the payment due him under this title is completed, to the person, if any, determined by the Secretary to be the surviving spouse of the deceased individual;

"(5) if there is no person who meets the requirements of paragraph (1), (2), (3), or (4), or if each person who meets such requirements dies before the payment due him under this title is completed, to the person or persons, if any, determined by the Secretary to be the child or children of the deceased individual (and, in case there is more than one such child, in equal parts to each such child);

"(6) if there is no person who meets the requirements of paragraph (1), (2), (3), (4), or (5), or if each person who meets such requirements dies before the payment due him under this title is completed, to the parent or parents, if any, of the deceased individual (and, in case there is more than one such parent, in equal parts to each such parent); or

"(7) if there is no person who meets the requirements of paragraph (1), (2), (3), (4), (5), or (6), or if each person who meets such requirements dies before the payment due him under this title is completed, to the legal representative of the estate of the deceased individual, if any."

79 Stat. 331.
42 USC 1395gg.

(b) The heading of section 1870 of such Act is amended by adding at the end thereof **"AND SETTLEMENT OF CLAIMS FOR BENEFITS ON BEHALF OF DECEASED INDIVIDUALS"**.

(c) Section 1870 of such Act is amended by adding after subsection (d) the following new subsections:

"(e) If an individual, who received services for which payment may be made to such individual under this title, dies, and payment for such services was made (other than under this title), and the individual died before any payment due him under this title with respect to such services was completed, payment of the amount due (including the amount of any unnegotiated checks) shall be made—

"(1) if the payment for such services was made (before or after such individual's death) by a person other than the deceased individual, to the person or persons determined by the Secretary under regulations to have paid for such services, or if the payment for such services was made by the deceased individual before his death, to the legal representative of the estate of such deceased individual, if any;

"(2) if there is no person who meets the requirements of paragraph (1), to the person, if any, who is determined by the Secretary to be the surviving spouse of the deceased individual and who was either living in the same household with the deceased at the time of his death or was, for the month in which the deceased individual died, entitled to a monthly benefit on the

basis of the same wages and self-employment income as was the deceased individual;

"(3) if there is no person who meets the requirements of paragraph (1) or (2), or if the person who meets such requirements dies before the payment due him under this title is completed, to the child or children, if any, of the deceased individual who were, for the month in which the deceased individual died, entitled to monthly benefits on the basis of the same wages and self-employment income as was the deceased individual (and, in case there is more than one such child, in equal parts to each such child);

"(4) if there is no person who meets the requirements of paragraph (1), (2), or (3), or if each person who meets such requirements dies before the payment due him under this title is completed, to the parent or parents, if any, of the deceased individual who were, for the month in which the deceased individual died, entitled to monthly benefits on the basis of the same wages and self-employment income as was the deceased individual (and, in case there is more than one such parent, in equal parts to each such parent);

"(5) if there is no person who meets the requirements of paragraph (1), (2), (3), or (4), or if each person who meets such requirements dies before the payment due him under this title is completed, to the person, if any, determined by the Secretary to be the surviving spouse of the deceased individual;

"(6) if there is no person who meets the requirements of paragraph (1), (2), (3), (4), or (5), or if each person who meets such requirements dies before the payment due him under this title is completed, to the person or persons, if any, determined by the Secretary to be the child or children of the deceased individual (and, in case there is more than one such child, in equal parts to each such child);

"(7) if there is no person who meets the requirements of paragraph (1), (2), (3), (4), (5), or (6), or if each person who meets such requirements dies before the payment due him under this title is completed, to the parent or parents, if any, of the deceased individual (and, in case there is more than one such parent, in equal parts to each such parent); or

"(8) if there is no person who meets the requirements of paragraph (1), (2), (3), (4), (5), (6), or (7), or if each person who meets such requirements dies before the payment due him under this title is completed, to the legal representatives of the estate of the deceased individual, if any.

"(f) If an individual who received medical and other health services for which payment may be made under section 1832(a)(1) dies, and—

"(1) no assignment of the right to payments was made by such individual before his death, and

"(2) payment for such services has not been made, payment for such services shall be made to the physician or other person who provided such services, but payment shall be made under this subsection only in such amount and subject to such conditions as would have been applicable if the individual who received the services had not died, and only if the person or persons who provided the services agrees that the reasonable charge is the full charge for the services."

(d) Section 1842(b)(3)(B) of such Act (as amended by section 125(a) of this Act) is amended by striking out "and such payment will be made" and inserting in lieu thereof "and such payment will (except as otherwise provided in section 1870(f)) be made".

79 Stat. 302.
42 USC 1395k.

Ante, p.845.

SIMPLIFICATION OF COMPUTATION OF PRIMARY INSURANCE AMOUNT AND
QUARTERS OF COVERAGE IN CASE OF 1937-1950 WAGES72 Stat. 1016.
42 USC 415.

SEC. 155. (a)(1) Section 215(d)(1) of the Social Security Act is amended to read as follows:

"Primary Insurance Benefit Under 1939 Act

Ante, p. 824.

"(d)(1) For purposes of column I of the table appearing in subsection (a) of this section, an individual's primary insurance benefit shall be computed as follows:

"(A) The individual's average monthly wage shall be determined as provided in subsection (b) (but without regard to paragraph (4) thereof) of this section, except that for purposes of paragraph (2)(C) and (3) of such subsection, 1936 shall be used instead of 1950.

"(B) For purposes of subparagraphs (B) and (C) of subsection (b)(2), an individual whose total wages prior to 1951 (as defined in subparagraph (C) of this subsection)—

"(i) do not exceed \$27,000 shall be deemed to have been paid such wages in equal parts in nine calendar years after 1936 and prior to 1951;

"(ii) exceed \$27,000 and are less than \$42,000 shall be deemed to have been paid (I) \$3,000 in each of such number of calendar years after 1936 and prior to 1951 as is equal to the integer derived by dividing such total wages by \$3,000, and (II) the excess of such total wages over the product of \$3,000 times such integer, in an additional calendar year in such period; or

"(iii) are at least \$42,000 shall be deemed to have been paid \$3,000 in each of the fourteen calendar years after 1936 and prior to 1951.

"Total wages
prior to 1951."

"(C) For the purposes of subparagraph (B), 'total wages prior to 1951' with respect to an individual means the sum of (i) remuneration credited to such individual prior to 1951 on the records of the Secretary, (ii) wages deemed paid prior to 1951 to such individual under section 217, and (iii) compensation under the Railroad Retirement Act of 1937 prior to 1951 creditable to him pursuant to this title.

42 USC 417.
50 Stat. 307.
45 USC 228a-
228s-2.

"(D) The individual's primary insurance benefit shall be 45.6 per centum of the first \$50 of his average monthly wage as computed under this subsection, plus 11.4 per centum of the next \$200 of such average monthly wage."

(2) Section 215(d)(2) of such Act is amended to read as follows:

"(2) The provisions of this subsection shall be applicable only in the case of an individual—

"(A) with respect to whom at least one of the quarters elapsing prior to 1951 is a quarter of coverage;

"(B) except as provided in paragraph (3), who attained age 22 after 1950 and with respect to whom less than six of the quarters elapsing after 1950 are quarters of coverage, or who attained such age before 1951; and

42 USC 402,
423.

"(C) (i) who becomes entitled to benefits under section 202(a) or 223 after the date of the enactment of the Social Security Amendments of 1967, or

"(ii) who dies after such date without being entitled to benefits under section 202(a) or 223, or

"(iii) whose primary insurance amount is required to be re-computed under section 215(f)(2)."

Post, p. 865.

(3) Section 215(d) (3) of such Act is amended to read as follows: 74 Stat. 962.
 “(3) The provisions of this subsection as in effect prior to the en- 42 USC 415.
 actment of the Social Security Amendments of 1967 shall be applicable
 in the case of an individual—

“(A) who attained age 21 after 1936 and prior to 1951, or

“(B) who had a period of disability which began prior to 1951,
 but only if the primary insurance amount resulting therefrom is
 higher than the primary insurance amount resulting from the
 application of this section (as amended by the Social Security
 Amendments of 1967) and section 220.”.

42 USC 420.

(4) So much of section 215(f) (2) of such Act as precedes subpara-
 graph (E) is amended to read as follows:

79 Stat. 365.

“(2) If an individual has wages or self-employment income for a
 year after 1965 for any part of which he is entitled to old-age in-
 surance benefits, the Secretary shall, at such time or times and within
 such period as he may by regulations prescribe, recompute such in-
 dividual's primary insurance amount with respect to each such year.
 Such recomputation shall be made as provided in subsection (a) (1)
 and (3) as though the year with respect to which such recomputation
 is made is the last year of the period specified in subsection (b) (2)
 (C). A recomputation under this paragraph with respect to any year
 shall be effective—”

(5) Subparagraphs (E) and (F) of such section 215(f) (2) are re-
 designated as subparagraphs (A) and (B), respectively.

(6) Section 215(f) of such Act is further amended by adding at the
 end thereof the following new paragraph:

64 Stat. 509;
79 Stat. 365.

“(5) In the case of a man who became entitled to old-age insurance
 benefits and died before the month in which he attained age 65, the
 Secretary shall recompute his primary insurance amount as provided
 in subsection (a) as though he became entitled to old-age insurance
 benefits in the month in which he died; except that (i) his computa-
 tion base years referred to in subsection (b) (2) shall include the year
 in which he died, and (ii) his elapsed years referred to in subsection
 (b) (3) shall not include the year in which he died or any year there-
 after. Such recomputation of such primary insurance amount shall
 be effective for and after the month in which he died.”

(7) (A) The amendments made by paragraphs (4) and (5) shall
 apply with respect to recomputations made under section 215(f) (2)
 of the Social Security Act after the date of the enactment of this Act.

(B) The amendment made by paragraph (6) shall apply with re-
 spect to individuals who die after the date of enactment of this Act.

(8) In any case in which—

(A) any person became entitled to a monthly benefit under
 section 202 or 223 of the Social Security Act after the date of
 enactment of this Act and before February 1968, and

42 USC 402,
423,

(B) the primary insurance amount on which the amount of such
 benefit is based was determined by applying section 215(d) of
 the Social Security Act as amended by this Act,

Ante, p. 864.

such primary insurance amount shall, for purposes of section 215(c)
 of the Social Security Act, as amended by this Act, be deemed to have
 been computed on the basis of the Social Security Act in effect prior
 to the enactment of this Act.

Ante, p. 827.

(9) The amendment made by paragraphs (1) and (2) shall not
 apply with respect to monthly benefits for any month prior to January
 1967.

(b) (1) Section 213 of the Social Security Act is amended by add-
 ing at the end thereof the following new subsection:

64 Stat. 504.
42 USC 413.

“Alternative Method for Determining Quarters of Coverage With
Respect to Wages in the Period from 1937 to 1950

75 Stat. 137.
42 USC 414.
Ante, p. 864.

“(c) For purposes of section 214(a), an individual shall be deemed to have one quarter of coverage for each \$400 of his total wages prior to 1951 (as defined in section 215(d)(1)(C)), except where—

“(1) such individual is not a fully insured individual on the basis of the number of quarters of coverage so derived plus the number of quarters of coverage derived from the wages and self-employment income credited to him for periods after 1950, or

“(2) such individual’s elapsed years (for purposes of section 214(a)(1)) are less than 7.”

(2) The amendment made by paragraph (1) shall apply only in the case of an individual who applies for benefits under section 202(a) of the Social Security Act after the date of the enactment of this Act, or who dies after such date without being entitled to benefits under section 202(a) or 223 of the Social Security Act.

42 USC 402.
423.
74 Stat. 964;
79 Stat. 366.
42 USC 415 note.

(c) Section 303(g) (1) of the Social Security Amendments of 1960 is amended—

(1) by striking out “section 302 of” and by striking out “Amendments of 1965” and inserting in lieu thereof “Amendments of 1965 and 1967” in the first sentence; and

(2) by striking out “after 1965, or dies after 1965” and inserting in lieu thereof “after the date of the enactment of the Social Security Amendments of 1967, or dies after such date”, and by striking out “Amendments of 1965” and inserting in lieu thereof “Amendments of 1967”, in the second sentence.

DEFINITIONS OF WIDOW, WIDOWER, AND STEPCHILD

72 Stat. 1027.
42 USC 416.

SEC. 156. (a) Section 216 (c) of the Social Security Act is amended by striking out “not less than one year” in clause (5) and inserting in lieu thereof “not less than nine months”.

(b) The first sentence of section 216 (e) of such Act is amended by striking out “the day on which such individual died” and inserting in lieu thereof “not less than nine months immediately preceding the day on which such individual died”.

64 Stat. 510;
74 Stat. 994.

(c) Section 216 (g) of such Act is amended by striking out “not less than one year” in clause (5) and inserting in lieu thereof “not less than nine months”.

(d) Section 216 of such Act is further amended by adding at the end thereof the following new subsection:

“Waiver of Nine-Month Requirement for Widow, Stepchild, or Widower in Case of Accidental Death or in Case of Serviceman Dying in Line of Duty

Supra.

“(k) The requirement in clause (5) of subsection (c) or clause (5) of subsection (g) that the surviving spouse of an individual have been married to such individual for a period of not less than nine months immediately prior to the day on which such individual died in order to qualify as such individual’s widow or widower, and the requirement in subsection (e) that the stepchild of a deceased individual have been such stepchild for not less than nine months immediately preceding the day on which such individual died in order to qualify as such individual’s child, shall be deemed to be satisfied, where such individual dies within the applicable nine-month period, if his death—

“(1) is accidental, or

"(2) occurs in line of duty while he is a member of a uniformed service serving on active duty (as defined in section 210(1)(2)), and he would satisfy such requirement if a three-month period were substituted for the nine-month period; except that this subsection shall not apply if the Secretary determines that at the time of the marriage involved the individual could not have reasonably been expected to live for nine months. For purposes of paragraph (1) of the preceding sentence, the death of an individual is accidental if he receives bodily injuries solely through violent, external, and accidental means and, as a direct result of the bodily injuries and independently of all other causes, loses his life not later than three months after the day on which he receives such bodily injuries."

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after January 1968, but only on the basis of applications filed in or after the month in which this Act is enacted.

42 USC 410.
42 USC 401-428; Ante,
p. 833.

HUSBAND'S AND WIDOWER'S INSURANCE BENEFITS WITHOUT REQUIREMENT OF WIFE'S CURRENTLY INSURED STATUS

SEC. 157. (a) (1) Section 202(c)(1) of the Social Security Act is amended by striking out "a currently insured individual (as defined in section 214(b))" in the matter preceding subparagraph (A) and inserting in lieu thereof "an individual".

64 Stat. 483.
42 USC 402.

(2) Section 202(c)(2) of such Act is amended by striking out "The requirement in paragraph (1) that the individual entitled to old-age or disability insurance benefits be a currently insured individual, and the provisions of subparagraph (C) of such paragraph," and inserting in lieu thereof "The provisions of subparagraph (C) of paragraph (1)".

72 Stat. 1026.

(b) (1) Section 202(f)(1) of such Act is amended—

64 Stat. 485.

(A) by striking out "and currently" in the matter preceding subparagraph (A), and

(B) by striking out "and she was a currently insured individual," in subparagraph (D) (ii).

72 Stat. 1023.

(2) Section 202(f)(2) of such Act is amended by striking out "The requirement in paragraph (1) that the deceased fully insured individual also be a currently insured individual, and the provisions of subparagraph (D) of such paragraph," and inserting in lieu thereof "The provisions of subparagraph (D) of paragraph (1)".

(c) In the case of any husband who would not be entitled to husband's insurance benefits under section 202(c) of the Social Security Act or any widower who would not be entitled to widower's insurance benefits under section 202(f) of such Act except for the enactment of this section, the requirement in section 202(c)(1)(C) or 202(f)(1)(D) of such Act relating to the time within which proof of support must be filed shall not apply if such proof of support is filed within two years after the month following the month in which this Act is enacted.

(d) The amendments made by this section shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after January 1968, but only on the basis of applications filed in or after the month in which this Act is enacted.

DEFINITION OF DISABILITY

SEC. 158. (a) Section 223(c) of the Social Security Act is amended—

70 Stat. 815.
42 USC 423.

(1) by inserting "of Insured Status and Waiting Period" after "Definitions" in the heading;

- 70 Stat. 815; (2) by striking out paragraph (2); and
 79 Stat. 367, (3) by redesignating paragraph (3) as paragraph (2).
 413. (b) Section 223 of such Act is further amended by adding at the
 42 USC 423. end thereof the following new subsection:

"Definition of Disability

"(d) (1) The term 'disability' means—

"(A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months; or

42 USC 416. "(B) in the case of an individual who has attained the age of 55 and is blind (within the meaning of 'blindness' as defined in section 216(i)(1)), inability by reason of such blindness to engage in substantial gainful activity requiring skills or abilities comparable to those of any gainful activity in which he has previously engaged with some regularity and over a substantial period of time.

"(2) For purposes of paragraph (1)(A)—

42 USC 402. "(A) an individual (except a widow, surviving divorced wife, or widower for purposes of section 202 (e) or (f)) shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), 'work which exists in the national economy' means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

"(B) A widow, surviving divorced wife, or widower shall not be determined to be under a disability (for purposes of section 202 (e) or (f)) unless his or her physical or mental impairment or impairments are of a level of severity which under regulations prescribed by the Secretary is deemed to be sufficient to preclude an individual from engaging in any gainful activity.

"Physical or mental impairment." "(3) For purposes of this subsection, a 'physical or mental impairment' is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

"(4) The Secretary shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Notwithstanding the provisions of paragraph (2), an individual whose services or earnings meet such criteria shall, except for purposes of section 222(c), be found not to be disabled.

42 USC 422.

"(5) An individual shall not be considered to be under a disability unless he furnishes such medical and other evidence of the existence thereof as the Secretary may require."

79 Stat. 370.
 42 USC 402.

(c) (1) Section 202(d)(1)(B) of such Act is amended by striking out "section 223(c)" and inserting in lieu thereof "section 223(d)".

(2) Paragraphs (1), (2), and (3) of section 202(s) of such Act are each amended by striking out "section 223(c)" and inserting in lieu thereof "section 223(d)".

(3) Section 221(a) of such Act is amended by striking out "or 223(c)" and inserting in lieu thereof "or 223(d)".

70 Stat. 818.
42 USC 421.

(4) Section 221(c) of such Act is amended by striking out "or 223(c)" and inserting in lieu thereof "or 223(d)".

(5) Section 222(c)(4)(B) of such Act is amended by striking out "section 223(c)(2)" and inserting in lieu thereof "section 223(d)".

74 Stat. 968.
42 USC 422.

(6) Section 223(a)(1)(D) of such Act is amended by striking out "subsection (c)(2)" and inserting in lieu thereof "subsection (d)".

70 Stat. 815.
42 USC 423.

(7) The first sentence of section 223(a)(1) of such Act is further amended by striking out "subsection (c)(3)" and inserting in lieu thereof "subsection (c)(2)".

(8) The last sentence of section 223(a)(1) is amended by striking out "subsection (c)(2) except for subparagraph (B) thereof" and inserting in lieu thereof "subsection (d) except for paragraph (1)(B) thereof".

79 Stat. 413.
42 USC 423.

(9) Section 225 of such Act is amended by striking out "section 223(c)(2)" and inserting in lieu thereof "section 223(d)".

70 Stat. 817.
42 USC 425.

(d) Section 216(i)(1) of such Act is amended by striking out the third sentence and inserting in lieu thereof the following: "The provisions of paragraphs (2)(A), (3), (4), and (5) of section 223(d) shall be applied for purposes of determining whether an individual is under a disability within the meaning of the first sentence of this paragraph in the same manner as they are applied for purposes of paragraph (1) of such section."

68 Stat. 1080.
42 USC 416.
Ante, p. 868.

(e) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, and for disability determinations under section 216(i) of such Act, filed—

(1) in or after the month in which this Act is enacted, or

(2) before the month in which this Act is enacted if the applicant has not died before such month and if—

(A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month; or

(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month.

53 Stat. 1370.
42 USC 405.

DISABILITY BENEFITS AFFECTED BY RECEIPT OF WORKMEN'S COMPENSATION

SEC. 159. (a)(1) The last sentence of section 224(a) of the Social Security Act is amended by inserting after "his wages and self-employment income" where it first appears in clause (B) the following: "(computed without regard to the limitations specified in sections 209(a) and 211(b)(1))".

79 Stat. 406.
42 USC 424.

(2) Section 224(a) of such Act is further amended by adding at the end thereof the following: "In any case where an individual's wages and self-employment income reported to the Secretary for a calendar year reach the limitations specified in sections 209(a) and 211(b)(1), the Secretary under regulations shall estimate the total of such wages and self-employment income for purposes of clause (B) of the preceding sentence on the basis of such information as may be available to him indicating the extent (if any) by which such wages and self-employment income exceed such limitations."

42 USC 409,
411.

(b)(1) The amendments made by subsection (a) shall apply only with respect to monthly benefits under title II of the Social Security Act for months after January 1968.

42 USC 401-
428; Ante,
p. 833.

79 Stat. 407.
42 USC 424.

(2) For purposes of any redetermination which is made under section 224(f) of the Social Security Act in the case of benefits subject to reduction under section 224 of such Act, where such reduction as first computed was effective with respect to benefits for the month in which this Act is enacted or a prior month, the amendments made by subsection (a) of this section shall also be deemed to have applied in the initial determination of the "average current earnings" of the individual whose wages and self-employment income are involved.

EXTENSION OF TIME FOR FILING REPORTS OF EARNINGS

72 Stat. 1033;
74 Stat. 955.
42 USC 403.

SEC. 160. (a) Section 203(h)(1)(A) of the Social Security Act is amended by adding at the end thereof the following new sentence: "The Secretary may grant a reasonable extension of time for making the report of earnings required in this paragraph if he finds that there is valid reason for a delay, but in no case may the period be extended more than three months."

68 Stat. 1076;
74 Stat. 955.

(b) Section 203(h)(2) of such Act is amended by striking out "within the time prescribed therein" and inserting in lieu thereof "within the time prescribed by or in accordance with such paragraph".

PENALTIES FOR FAILURE TO FILE TIMELY REPORTS OF EARNINGS AND OTHER EVENTS

42 USC 402.

SEC. 161. (a) Section 203(h)(2)(A) of the Social Security Act is amended by inserting before the semicolon at the end thereof the following: "; except that if the deduction imposed under subsection (b) by reason of his earnings for such year is less than the amount of his benefit (or benefits) for the last month of such year for which he was entitled to a benefit under section 202, the additional deduction shall be equal to the amount of the deduction imposed under subsection (b) but not less than \$10".

(b) Section 203(g) of such Act is amended by striking out all that follows "shall suffer" and inserting in lieu thereof the following: "deductions in addition to those imposed under subsection (c) as follows:

"(1) if such failure is the first one with respect to which an additional deduction is imposed by this subsection, such additional deduction shall be equal to his benefit or benefits for the first month of the period for which there is a failure to report even though such failure is with respect to more than one month;

"(2) if such failure is the second one with respect to which an additional deduction is imposed by this subsection, such additional deduction shall be equal to two times his benefit or benefits for the first month of the period for which there is a failure to report even though such failure is with respect to more than two months; and

"(3) if such failure is the third or a subsequent one for which an additional deduction is imposed under this subsection, such additional deduction shall be equal to three times his benefit or benefits for the first month of the period for which there is a failure to report even though the failure to report is with respect to more than three months;

except that the number of additional deductions required by this subsection shall not exceed the number of months in the period for which there is a failure to report. As used in this subsection, the term 'period for which there is a failure to report' with respect to any individual means the period for which such individual received and accepted insurance benefits under section 202 without making a timely report and for which deductions are required under subsection (c)."

"Period for
which there
is a failure
to report."
42 USC 402.

(c) The amendments made by this section shall apply with respect to any deductions imposed on or after the date of the enactment of this Act under subsections (g) and (h) of section 203 of the Social Security Act on account of failure to make a report required thereby.

42 USC 403.

LIMITATION ON PAYMENT OF BENEFITS TO ALIENS OUTSIDE
THE UNITED STATES

SEC. 162. (a) (1) Section 202(t) (1) of the Social Security Act is amended by adding at the end thereof (after and below subparagraph (B)) the following new sentence: "For purposes of the preceding sentence, after an individual has been outside the United States for any period of thirty consecutive days he shall be treated as remaining outside the United States until he has been in the United States for a period of thirty consecutive days."

70 Stat. 835.
42 USC 402.

(2) The amendment made by paragraph (1) shall apply only with respect to six-month periods (within the meaning of section 202(t) (1) (A) of the Social Security Act) which begin after the date of the enactment of this Act.

(b) (1) Section 202(t) (4) of such Act is amended—

70 Stat. 835;

(A) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof a semicolon; and

72 Stat. 1783.

(B) by adding at the end thereof (after and below subparagraph (E)) the following:

"except that subparagraphs (A) and (B) of this paragraph shall not apply in the case of any individual who is a citizen of a foreign country that has in effect a social insurance or pension system which is of general application in such country and which satisfies subparagraph (A) but not subparagraph (B) of paragraph (2), or who is a citizen of a foreign country that has no social insurance or pension system of general application if at any time within five years prior to the month in which the Social Security Amendments of 1967 are enacted (or the first month thereafter for which his benefits are subject to suspension under paragraph (1)) payments to individuals residing in such country were withheld by the Treasury Department under the first section of the Act of October 9, 1940 (31 U.S.C. 123)."

54 Stat. 1086;

56 Stat. 1028.

(2) The amendment made by paragraph (1) shall apply only with respect to monthly benefits under title II of the Social Security Act for months beginning after June 30, 1968.

42 USC 401-428;

Ante, p. 833.

(c) (1) Section 202(t) of such Act is further amended by adding at the end thereof the following new paragraph:

70 Stat. 835;

79 Stat. 334.

"(10) Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section or under section 223, for any month beginning after June 30, 1968, to an individual who is not a citizen or national of the United States and who resides during such month in a foreign country if payments for such month to individuals residing in such country are withheld by the Treasury Department under the first section of the Act of October 9, 1940 (31 U.S.C. 123)."

(2) Section 202(t) (6) of such Act is amended by striking out "by reason of paragraph (1)" and inserting in lieu thereof "by reason of paragraph (1) or (10)".

(3) Whenever benefits which an individual who is not a citizen or national of the United States was entitled to receive under title II of the Social Security Act are, on June 30, 1968, being withheld by the Treasury Department under the first section of the Act of October 9, 1940 (31 U.S.C. 123), any such benefits, payable to such individual

for months after the month in which the determination by the Treasury Department that the benefits should be so withheld was made, shall not be paid—

(A) to any person other than such individual, or, if such individual dies before such benefits can be paid, to any person other than an individual who was entitled for the month in which the deceased individual died (with the application of section 202(j) (1) of the Social Security Act) to a monthly benefit under title II of such Act on the basis of the same wages and self-employment income as such deceased individual, or

(B) in excess of the equivalent of the last twelve months' benefits that would have been payable to such individual.

42 USC 401-
428; Ante, p.
833.

BENEFITS FOR CERTAIN CHILDREN

SEC. 163. (a) (1) The last sentence of section 203(a) of the Social Security Act is amended to read as follows: "Whenever a reduction is made under this subsection in the total of monthly benefits to which individuals are entitled for any month on the basis of the wages and self-employment income of an insured individual, each such benefit other than the old-age or disability insurance benefit shall be proportionately decreased; except that if such total of benefits for such month includes any benefit or benefits under section 202(d) which are payable solely by reason of section 216(h) (3), the reduction shall be first applied to reduce (proportionately where there is more than one benefit so payable) the benefits so payable (but not below zero)."

72 Stat. 1017.
42 USC 403.

42 USC 402.
42 USC 416.

(2) The amendment made by paragraph (1) shall apply only with respect to monthly benefits payable under title II of the Social Security Act with respect to individuals who become entitled to benefits under section 202(d) of such Act solely by reason of section 216(h) (3) of such Act in or after January 1968 (but without regard to section 202(j) (1) of such Act). The provisions of section 170 of this Act shall not apply with respect to any such individual.

(b) Where—

(1) one or more persons were entitled (without the application of section 202(j) (1) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for January 1968 on the basis of the wages and self-employment income of an individual, and

42 USC 423.

(2) one or more persons became entitled to monthly benefits before January 1968 under section 202(d) of such Act by reason of section 216(h) (3) of such Act (but without regard to section 202(j) (1)), on the basis of such wages and self-employment income and are so entitled for January 1968, and

(3) the total of benefits to which all persons are entitled under such section 202 or 223 of such Act on the basis of such wages and self-employment for January 1968 are reduced by reason of section 203(a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced),

then the amount of the benefit to which each such person referred to in paragraph (1) above (but not including persons referred to in paragraph (2) above) is entitled for months after January 1968 shall be increased, after the application of such section 203(a), to the amount it would have been if the person or persons referred to in paragraph (2) were not entitled to a benefit referred to in such paragraph (2).

TRANSFER TO HEALTH INSURANCE BENEFITS ADVISORY COUNCIL OF
NATIONAL MEDICAL REVIEW COMMITTEE FUNCTIONS; INCREASE IN
COUNCIL'S MEMBERSHIP

SEC. 164. (a) Section 1867 of the Social Security Act is amended to read as follows:

79 Stat. 329.
42 USC 1395dd.

"HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

"SEC. 1867. (a) There is hereby created a Health Insurance Benefits Advisory Council which shall consist of 19 persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Secretary shall from time to time appoint one of the members to serve as Chairman. The members shall include persons who are outstanding in fields related to hospital, medical, and other health activities, persons who are representative of organizations and associations of professional personnel in the field of medicine, and at least one person who is representative of the general public. Each member shall hold office for a term of 4 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. A member shall not be eligible to serve continuously for more than 2 terms. The Secretary may, at the request of the Advisory Council or otherwise, appoint such special advisory professional or technical committees as may be useful in carrying out this title. Members of the Advisory Council and members of any such advisory or technical committee, while attending meetings or conferences thereof or otherwise serving on business of the Advisory Council or of such committee, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently. The Advisory Council shall meet as frequently as the Secretary deems necessary. Upon request of 5 or more members, it shall be the duty of the Secretary to call a meeting of the Advisory Council.

Membership.

80 Stat. 417.
5 USC 3301
et seq.

Term of
office.

Compensation,
travel ex-
penses.

80 Stat. 499.

"(b) It shall be the function of the Advisory Council (1) to advise the Secretary on matters of general policy in the administration of this title and in the formulation of regulations under this title, and (2) to study the utilization of hospital and other medical care and services for which payment may be made under this title with a view to recommending any changes which may seem desirable in the way in which such care and services are utilized or in the administration of the programs established by this title, or in the provisions of this title. The Advisory Council shall make an annual report to the Secretary on the performance of its functions, including any recommendations it may have with respect thereto, and such report shall be transmitted promptly by the Secretary to the Congress.

Duties.

Report to
Congress.

"(c) The Advisory Council is authorized to engage such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Advisory Council such secretarial, clerical, and other assistance and such pertinent data obtained and prepared by the Department of Health, Education, and Welfare as the Advisory Council may require to carry out its functions."

(b) The amendment made by subsection (a) shall not be construed as affecting the terms of office of the members of the Health Insurance

Benefits Advisory Council in office on the date of the enactment of this Act or their successors. The terms of office of the three additional members of the Health Insurance Benefits Advisory Council first appointed pursuant to the increase in the membership of such Council provided by such amendment shall expire, as designated by the Secretary at the time of appointment, one at the end of the first year, one at the end of the second year, and one at the end of the third year after the date of appointment.

(c) Section 1868 of the Social Security Act is repealed.

Repeal.
79 Stat. 329.
42 USC 1395ee.

ADVISORY COUNCIL ON SOCIAL SECURITY

79 Stat. 339.
42 USC 907.

SEC. 165. (a)(1) Section 706(a) of the Social Security Act is amended by striking out "During 1968 and every fifth year thereafter" and inserting in lieu thereof "During 1969 (but not before February 1, 1969) and every fourth year thereafter (but not before February 1 of such fourth year)".

(2) Section 706(d) such Act is amended by striking out "reports of its" and inserting in lieu thereof "reports (including any interim reports such Council may have issued) of its".

(b) Section 706(b) of such Act is amended by striking out "shall consist of the Commissioner of Social Security, as Chairman, and 12 other persons, appointed by the Secretary" and inserting in lieu thereof "shall consist of a Chairman and 12 other persons, appointed by the Secretary".

REIMBURSEMENT OF CIVIL SERVICE RETIREMENT ANNUITANTS FOR CERTAIN PREMIUM PAYMENTS UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

42 USC 1395s.
80 Stat. 602.

SEC. 166. Section 1840(e) (1) of the Social Security Act is amended by adding at the end thereof the following new sentence: "A plan described in section 8903 of title 5, United States Code, may reimburse each annuitant enrolled in such plan an amount equal to the premiums paid by him under this part if such reimbursement is paid entirely from funds of such plan which are derived from sources other than the contributions described in section 8906 of such title."

APPROPRIATIONS TO SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND

79 Stat. 313.
42 USC 1395w.

SEC. 167. (a) Section 1844 (a) of the Social Security Act is amended to read as follows:

"(a) There are authorized to be appropriated from time to time, out of any moneys in the Treasury not otherwise appropriated, to the Federal Supplementary Medical Insurance Trust Fund—

42 USC 1395t.

"(1) a Government contribution equal to the aggregate premiums payable under this part and deposited in the Trust Fund, and

"(2) such sums as the Secretary deems necessary to place the Trust Fund, at the end of any fiscal year occurring after June 30, 1967, in the same position in which it would have been at the end of such fiscal year if (A) a Government contribution representing the excess of the premiums deposited in the Trust Fund during the fiscal year ending June 30, 1967, over the Government contribution actually appropriated to the Trust Fund during such fiscal year had been appropriated to it on June 30, 1967, and (B) the Government contribution for premiums deposited in the Trust Fund after June 30, 1967, had been appropriated to it when such premiums were deposited."

(b) Section 1844(b) of such Act is amended by striking out "1967" and inserting in lieu thereof "1969".

DISCLOSURE TO COURTS OF WHEREABOUTS OF CERTAIN INDIVIDUALS

SEC. 168. (a) Section 1106(c)(1) of the Social Security Act is amended by inserting "(A)" after "(c)(1)", by redesignating subparagraphs (A) through (D) as clauses (i) through (iv), respectively, and by adding at the end thereof the following new subparagraph:

79 Stat. 411.
42 USC 1306.

"(B) If a request for the most recent address of any individual so included is filed (in accordance with paragraph (2) of this subsection) by a court having jurisdiction to issue orders or entertain petitions against individuals for the support and maintenance of their children, the Secretary shall furnish such address, or the address of the individual's most recent employer, or both, for the use of the court (and for no other purpose) in issuing or determining whether to issue such an order against such individual or in determining (in the event such individual is not within the jurisdiction of the court) the court to which a petition for support and maintenance against such individual should be forwarded under any reciprocal arrangements with other States to obtain or improve court orders for support, if the court certifies that the information is requested for such use."

(b) (1) Section 1106(c)(2) of such Act is amended by striking out "and shall be accompanied" and all that follows and inserting in lieu thereof "(and, in the case of a request under paragraph (1) (A), shall be accompanied by a certified copy of the order referred to in clauses (i) and (iv) thereof)."

(2) Section 1106(c)(3) of such Act is amended by striking out "authorized by subparagraph (D) thereof" and inserting in lieu thereof "authorized by subparagraph (A) (iv) or (B) thereof".

REPORTS OF BOARDS OF TRUSTEES TO CONGRESS

SEC. 169. (a) Sections 201(c)(2), 1817(b)(2), and 1841(b)(2) of the Social Security Act are each amended by striking out "March" and inserting in lieu thereof "April".

70 Stat. 821;
79 Stat. 300,
308.
42 USC 401,
13951, 1395t.

(b) Section 201(c) of such Act is amended by inserting immediately before the last sentence the following new sentence: "Such report shall also include an actuarial analysis of the benefit disbursements made from the Federal Old-Age and Survivors Insurance Trust Fund with respect to disabled beneficiaries."

GENERAL SAVING PROVISION

SEC. 170. Where—

(1) one or more persons were entitled (without the application of section 202(j)(1) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for January 1968 on the basis of the wages and self-employment income of an individual, and

64 Stat. 487.
42 USC 402.
42 USC 423.

(2) one or more persons (not included in paragraph (1)) become entitled to monthly benefits under such section 202 for February 1968 on the basis of such wages and self-employment by reason of the amendments made to such Act by sections 104, 112, 150, 151, 156, and 157 of this Act, and

(3) the total of benefits to which all persons are entitled under such section 202 or 223 on the basis of such wages and self-employment for February 1968 are reduced by reason of section 203(a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced), then the amount of the benefit to which each such person referred to in paragraph (1) is entitled for months after January 1968 shall be increased, after the application of such section 203(a), to the amount

it would have been if the person or persons referred to in paragraph (2) were not entitled to a benefit referred to in such paragraph.

EXPEDITED BENEFIT PAYMENTS

42 USC 405. SEC. 171. (a) Section 205 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Expedited Benefit Payments

"(q) (1) The Secretary shall establish and put into effect procedures under which expedited payment of monthly insurance benefits under this title will, subject to paragraph (4) of this subsection, be made as set forth in paragraphs (2) and (3) of this subsection.

"(2) In any case in which—

"(A) an individual makes an allegation that a monthly benefit under this title was due him in a particular month but was not paid to him, and

"(B) such individual submits a written request for the payment of such benefit—

"(i) in the case of an individual who received a regular monthly benefit in the month preceding the month with respect to which such allegation is made, not less than 30 days after the 15th day of the month with respect to which such allegation is made (and in the event that such request is submitted prior to the expiration of such 30-day period, it shall be deemed to have been submitted upon the expiration of such period), and

"(ii) in any other case, not less than 90 days after the later of (I) the date on which such benefit is alleged to have been due, or (II) the date on which such individual furnished the last information requested by the Secretary (and such written request will be deemed to be filed on the day on which it was filed, or the ninetieth day after the first day on which the Secretary has evidence that such allegation is true, whichever is later),

the Secretary shall, if he finds that benefits are due, certify such benefits for payment, and payment shall be made within 15 days immediately following the date on which the written request is deemed to have been filed.

"(3) In any case in which the Secretary determines that there is evidence, although additional evidence might be required for a final decision, that an allegation described in paragraph (2) (A) is true, he may make a preliminary certification of such benefit for payment even though the 30-day or 90-day periods described in paragraph (2) (B) (i) and (B) (ii) have not elapsed.

"(4) Any payment made pursuant to a certification under paragraph (3) of this subsection shall not be considered an incorrect payment for purposes of determining the liability of the certifying or disbursing officer.

42 USC 428. " (5) For purposes of this subsection, benefits payable under section 228 shall be treated as monthly insurance benefits payable under this title. However, this subsection shall not apply with respect to any benefit for which a check has been negotiated, or with respect to any benefit alleged to be due under either section 223, or section 202 to a wife, husband, or child of an individual entitled to or applying for benefits under section 223, or to a child who has attained age 18 and is under a disability, or to a widow or widower on the basis of being under a disability."

42 USC 423, 402.

(b) The amendment made by subsection (a) of this section shall be effective with respect to written requests filed under section 205(q) of the Social Security Act after June 30, 1968.

DEFINITION OF BLINDNESS

SEC. 172. (a) The first sentence of section 216(i) (1) of the Social Security Act is amended by striking out "(B)" and all that follows and inserting in lieu thereof "(B) blindness; and the term 'blindness' means central visual acuity of 20/200 or less in the better eye with the use of a correcting lens." 42 USC 416.

(b) The second sentence of section 216(i) (1) of such Act is amended to read as follows: "An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of this paragraph as having a central visual acuity of 20/200 or less."

(c) The amendments made by this section shall be effective with respect to benefits under section 223 of the Social Security Act for months after January 1968 based on applications filed after the date of enactment of this Act and with respect to disability determinations under section 216(i) of the Social Security Act based on applications filed after the date of enactment of this Act. 42 USC 423.

ATTORNEYS FEES FOR CLAIMANTS

SEC. 173. Section 206(a) of the Social Security Act is amended by inserting, immediately before the last sentence thereof, the following new sentences: "Whenever the Secretary, in any claim before him for benefits under this title, makes a determination favorable to the claimant, he shall, if the claimant was represented by an attorney in connection with such claim, fix (in accordance with the regulations prescribed pursuant to the preceding sentence) a reasonable fee to compensate such attorney for the services performed by him in connection with such claim. If as a result of such determination, such claimant is entitled to past-due benefits under this title, the Secretary shall, notwithstanding section 205(i), certify for payment (out of such past-due benefits) to such attorney an amount equal to whichever of the following is the smaller: (A) 25 per centum of the total amount of such past-due benefits, (B) the amount of the attorney's fee so fixed, or (C) the amount agreed upon between the claimant and such attorney as the fee for such attorney's services." 42 USC 406. 42 USC 405.

TITLE II—PUBLIC WELFARE AMENDMENTS

PART 1—PUBLIC ASSISTANCE AMENDMENTS

PROGRAMS OF SERVICES FURNISHED TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 201. (a) (1) Section 402(a) of the Social Security Act (as amended by section 202(a) of this Act) is amended by— Post, p. 881.

(A) striking out "and" at the end of clause (13);

(B) striking out clause (14), including the period at the end thereof, and inserting in lieu thereof the following: "(14) provide for the development and application of a program for such family services, as defined in section 406(d), and child-welfare services, as defined in section 425, for each child and relative who receives aid to families with dependent children, and each appropriate individual (living in the same home as a relative and Post, p. 880. Post, p. 914.

child receiving such aid whose needs are taken into account in making the determination under clause (7)), as may be necessary in the light of the particular home conditions and other needs of such child, relative, and individual, in order to assist such child, relative, and individual to attain or retain capability for self-support and care and in order to maintain and strengthen family life and to foster child development;"; and

(C) adding after clause (14) the following new clauses: "(15) provide—

"(A) for the development of a program for each appropriate relative and dependent child receiving aid under the plan, and each appropriate individual (living in the same home as a relative and child receiving such aid) whose needs are taken into account in making the determination under clause (7), with the objective of—

"(i) assuring, to the maximum extent possible, that such relative, child, and individual will enter the labor force and accept employment so that they will become self-sufficient, and

"(ii) preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life,

"(B) for the implementation of such programs by—

"(i) assuring that such relative, child, or individual who is referred to the Secretary of Labor pursuant to clause (19) is furnished child-care services and that in all appropriate cases family planning services are offered them, and

"(ii) in appropriate cases, providing aid to families with dependent children in the form of payments of the types described in section 406(b)(2), and

Post, p. 893.

"(C) that the acceptance by such child, relative, or individual of family planning services provided under the plan shall be voluntary on the part of such child, relative, or individual and shall not be a prerequisite to eligibility for or the receipt of any other service or aid under the plan,

"(D) for such review of each such program as may be necessary (as frequently as may be necessary, but at least once a year) to insure that it is being effectively implemented,

"(E) for furnishing the Secretary with such reports as he may specify showing the results of such programs, and

Ante, p. 877.

"(F) to the extent that such programs under this clause or clause (14) are developed and implemented by services furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services;

(16) provide that where the State agency has reason to believe that the home in which a relative and child receiving aid reside is unsuitable for the child because of the neglect, abuse, or exploitation of such child it shall bring such condition to the attention of the appropriate court or law enforcement agencies in the State, providing such data with respect to the situation it may have; (17) provide—

"(A) for the development and implementation of a program under which the State agency will undertake—

"(i) in the case of a child born out of wedlock who is receiving aid to families with dependent children, to establish the paternity of such child and secure support for him, and

"(ii) in the case of any child receiving such aid who has been deserted or abandoned by his parent, to secure support

for such child from such parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and

“(B) for the establishment of a single organizational unit in the State agency or local agency administering the State plan in each political subdivision which will be responsible for the administration of the program referred to in clause (A);

(18) provide for entering into cooperative arrangements with appropriate courts and law enforcement officials (A) to assist the State agency in administering the program referred to in clause (17) (A), including the entering into of financial arrangements with such courts and officials in order to assure optimum results under such program, and (B) with respect to any other matters of common concern to such courts or officials and the State agency or local agency administering the State plan.”

(2) Section 402(a)(13) of such Act (as redesignated by section 202(a) of this Act) is amended by striking out “(if any)”.

Post, p. 881.

(b) Section 402 of such Act is amended by adding at the end thereof the following new subsection:

“(c) The Secretary shall, on the basis of his review of the reports received from the States under clause (15) of subsection (a), compile such data as he believes necessary and from time to time publish his findings as to the effectiveness of the programs developed and administered by the States under such clause. The Secretary shall annually report to the Congress (with the first such report being made on or before July 1, 1970) on the programs developed and administered by each State under such clause (15).”

Report to Congress.

(c) Section 403(a)(3) of such Act is amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following:

76 Stat. 175.
42 USC 603.

“(A) 75 per centum of so much of such expenditures as are for—

“(i) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is receiving aid under the plan, or to any other individual (living in the same home as such relative and child) whose needs are taken into account in making the determination under clause (7) of such section,

Ante, p. 877.

“(ii) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is applying for aid to families with dependent children or who, within such period or periods as the Secretary may prescribe, has been or is likely to become an applicant for or recipient of such aid, or

“(iii) the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus”.

(d) Section 403(a)(3) of such Act is further amended—

(1) (A) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively,

(B) by striking out “subparagraph (E)” in subparagraph (C) (as so redesignated) and inserting in lieu thereof “subparagraph (D)”, and

(C) by striking out “subparagraph (D)” in the matter following subparagraph (D) (as so redesignated) and inserting in lieu thereof “subparagraph (C)”;

(2) by striking out "subparagraphs (A) and (B)" in the sentence following subparagraph (B) (as redesignated by paragraph (1) of this subsection) and inserting in lieu thereof "subparagraph (A)";

(3) by inserting before the period at the end of the sentence following subparagraph (B) (as redesignated by paragraph (1) of this subsection) the following: "; and except that, to the extent specified by the Secretary, child-welfare services, family planning services, and family services may be provided from sources other than those referred to in subparagraphs (C) and (D)"; and

(4) by striking out "subparagraphs (B) and (C) apply" in the last sentence and inserting in lieu thereof "subparagraph (B) applies".

Repeal.
76 Stat. 176.
42 USC 603.

(e) (1) Section 403(c) of such Act is repealed.
(2) Section 403(a)(3) of such Act is amended by striking out "whose State plan approved under section 402 meets the requirements of subsection (c) (1)", and by striking out "; and" at the end and inserting in lieu thereof a period.

Repeal.
42 USC 608.

(3) Section 403(a)(4) of such Act is repealed.
(4) Section 408(d) of such Act is amended by striking out "and (4)".

49 Stat. 629;
64 Stat. 551.
42 USC 606.
"Family services."

(f) Section 406 of such Act is amended by adding at the end thereof the following new subsection:

"(d) The term 'family services' means services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence."

42 USC 602.

(g) (1) The amendments made by subsections (a), (b), (d), (e), and (f) of this section shall be effective July 1, 1968 (or earlier if the State plan so provides); except that (A) if on the date of enactment of this Act the agency of a State referred to in section 402(a)(3) of the Social Security Act is different from the agency of such State responsible for administering the plan for child-welfare services developed pursuant to part B of title IV of the Social Security Act, the provisions of section 402(a)(15)(F) of such Act (added thereto by subsection (a) of this section) shall not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State under part A of title IV of such Act in a political subdivision is different from the local agency in such subdivision administering the State's plan for child-welfare services developed pursuant to part B of title IV of such Act, the provisions of such section 402(a)(15)(F) shall not apply with respect to such agencies but only so long as such local agencies are different.

Post, p. 911.

(2) The amendment made by subsection (c) shall apply with respect to services furnished after June 30, 1968, or furnished after such earlier date as the State plan may provide with respect to the amendment made by paragraph (1) of this subsection.

Ante, p. 877.

(h) Notwithstanding subparagraph (A) of section 403(a)(3) of the Social Security Act (as amended by subsection (c) of this section), the rate specified in such subparagraph in the case of any State shall be 85 per centum (rather than 75 per centum) with respect to expenditures, for services furnished pursuant to clauses (14) and (15) of section 402(a) of such Act, made on or after the date of enactment of this Act, and prior to July 1, 1969.

EARNINGS EXEMPTION FOR RECIPIENTS OF AID TO FAMILIES WITH
DEPENDENT CHILDREN

SEC. 202. (a) Clauses (8) through (13) of section 402(a) of the Social Security Act are redesignated as clauses (9) through (14), respectively.

53 Stat. 1379;

76 Stat. 185.

42 USC 602.

(b) Effective July 1, 1969, section 402(a) of such Act is amended by striking out clause (7) and inserting in lieu thereof the following: "(7) except as may be otherwise provided in clause (8), provide that the State agency shall, in determining need, take into consideration any other income and resources of any child or relative claiming aid to families with dependent children, or of any other individual (living in the same home as such child and relative) whose needs the State determines should be considered in determining the need of the child or relative claiming such aid, as well as any expenses reasonably attributable to the earning of any such income; (8) provide that, in making the determination under clause (7), the State agency—

"(A) shall with respect to any month disregard—

"(i) all of the earned income of each dependent child receiving aid to families with dependent children who is (as determined by the State in accordance with standards prescribed by the Secretary) a full-time student or part-time student who is not a full-time employee attending a school, college, or university, or a course of vocational or technical training designed to fit him for gainful employment, and

"(ii) in the case of earned income of a dependent child not included under clause (i), a relative receiving such aid, and any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, the first \$30 of the total of such earned income for such month plus one-third of the remainder of such income for such month; and

"(B) (i) may, subject to the limitations prescribed by the Secretary, permit all or any portion of the earned or other income to be set aside for future identifiable needs of a dependent child, and (ii) may, before disregarding the amounts referred to in subparagraph (A) and clause (i) of this subparagraph, disregard not more than \$5 per month of any income;

except that, with respect to any month, the State agency shall not disregard any earned income (other than income referred to in subparagraph (B)) of—

"(C) any one of the persons specified in clause (ii) of subparagraph (A) if such person—

"(i) terminated his employment or reduced his earned income without good cause within such period (of not less than 30 days) preceding such month as may be prescribed by the Secretary; or

"(ii) refused without good cause, within such period preceding such month as may be prescribed by the Secretary, to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined by the State or local agency administering the State plan, after notification by him, to be a bona fide offer of employment; or

"(D) any of such persons specified in clause (ii) of subparagraph (A) if with respect to such month the income of the persons so specified (within the meaning of clause (7)) was in excess of their need as determined by the State agency pursuant to

clause (7) (without regard to clause (8)), unless, for any one of the four months preceding such month, the needs of such persons were met by the furnishing of aid under the plan;".

42 USC 602.

(c) A State whose plan under section 402 of the Social Security Act has been approved by the Secretary shall not be deemed to have failed to comply substantially with the requirements of section 402(a)(7) of such Act (as in effect prior to July 1, 1969) for any period beginning after December 31, 1967, and ending prior to July 1, 1969, if for such period the State agency disregards earned income of the individuals involved in accordance with the requirements specified in section 402(a)(7) and (8) of such Act as amended by this Act.

Ante, p. 881.

(d) Effective with respect to quarters beginning after June 30, 1968, in determining the need of individuals claiming aid under a State plan approved under part A of title IV of the Social Security Act, the State shall apply the provisions of such part notwithstanding any provisions of law (other than such Act) requiring the State to disregard earned income of such individuals in determining need under such State plan.

Post, p. 911.

DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

75 Stat. 75.
42 USC 607.

SEC. 203. (a) Section 407 of the Social Security Act is amended to read as follows:

"DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

"Dependent
child."

42 USC 606.

"SEC. 407. (a) The term 'dependent child' shall, notwithstanding section 406(a), include a needy child who meets the requirements of section 406(a)(2), who has been deprived of parental support or care by reason of the unemployment (as determined in accordance with standards prescribed by the Secretary) of his father, and who is living with any of the relatives specified in section 406(a)(1) in a place of residence maintained by one or more of such relatives as his (or their) own home.

"(b) The provisions of subsection (a) shall be applicable to a State if the State's plan approved under section 402—

"(1) requires the payment of aid to families with dependent children with respect to a dependent child as defined in subsection (a) when—

"(A) such child's father has not been employed (as determined in accordance with standards prescribed by the Secretary) for at least 30 days prior to the receipt of such aid,

"(B) such father has not without good cause, within such period (of not less than 30 days) as may be prescribed by the Secretary, refused a bona fide offer of employment or training for employment, and

"(C) (i) such father has 6 or more quarters of work (as defined in subsection (d)(1)) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (ii) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d)(3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and

"(2) provides—

"(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be referred to the Secretary of Labor as provided in sec-

tion 402(a)(19) within thirty days after receipt of aid with respect to such children;

Post, p. 890.

"(B) for entering into cooperative arrangements with the State agency responsible for administering or supervising the administration of vocational education in the State, designed to assure maximum utilization of available public vocational education services and facilities in the State in order to encourage the retraining of individuals capable of being retrained; and

"(C) for the denial of aid to families with dependent children to any child or relative specified in subsection (a) if, and for as long as, such child's father—

"(i) is not currently registered with the public employment offices in the State, or

"(ii) receives unemployment compensation under an unemployment compensation law of a State or of the United States.

"(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent child as defined in subsection (a), (i) for any part of the 30-day period referred to in subparagraph (A) of subsection (b)(1), or (ii) for any period prior to the time when the father satisfies subparagraph (B) of such subsection, and (B) if, and for as long as, no action is taken (after the 30-day period referred to in subparagraph (A) of subsection (b)(2)), under the program therein specified, to refer such father to the Secretary of Labor pursuant to section 402(a)(19).

"(d) For purposes of this section—

"(1) the term 'quarter of work' with respect to any individual means a calendar quarter in which such individual received earned income of not less than \$50 (or which is a 'quarter of coverage' as defined in section 213(a)(2)), or in which such individual participated in a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or the work incentive program established under part C;

"Quarter of work."

42 USC 413.

76 Stat. 186.
42 USC 609.

Post, p. 884.

"Calendar quarter."

"(2) the term 'calendar quarter' means a period of 3 consecutive calendar months ending on March 31, June 30, September 30, or December 31; and

"(3) an individual shall be deemed qualified for unemployment compensation under the State's unemployment compensation law if—

"(A) he would have been eligible to receive such unemployment compensation upon filing application, or

"(B) he performed work not covered under such law and such work, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such unemployment compensation upon filing application."

(b) In the case of an application for aid to families with dependent children under a State plan approved under section 402 of such Act with respect to a dependent child as defined in section 407(a) of such Act (as amended by this section) within 6 months after the effective date of the modification of such State plan which provides for payments in accordance with section 407 of such Act as so amended, the father of such child shall be deemed to meet the requirements of subparagraph (C) of section 407(b)(1) of such Act (as so amended) if at any time after April 1961 and prior to the date of application such

Ante, p. 882.

father met the requirements of such subparagraph (C). For purposes of the preceding sentence, an individual receiving aid to families with dependent children (under section 407 of the Social Security Act as in effect before the enactment of this Act) for the last month ending before the effective date of the modification referred to in such sentence shall be deemed to have filed application for such aid under such section 407 (as amended by this section) on the day after such effective date.

42 USC 602.

(c) The amendment made by subsection (a) shall be effective January 1, 1968; except that no State which had in operation a program of aid with respect to children of unemployed parents under section 407 of the Social Security Act (as in effect prior to such amendment) in the calendar quarter commencing October 1, 1967, shall be required to include any additional child or family under its State plan approved under section 402 of such Act, by reason of the enactment of such amendment, prior to July 1, 1969.

WORK INCENTIVE PROGRAM FOR RECIPIENTS OF AID UNDER PART A OF
TITLE IV

Post, p. 911.

SEC. 204. (a) Title IV of the Social Security Act is amended by inserting after part B (hereinafter added to such title by section 240 of this Act) the following material:

"PART C—WORK INCENTIVE PROGRAM FOR RECIPIENTS OF AID UNDER
STATE PLAN APPROVED UNDER PART A

"PURPOSE

"SEC. 430. The purpose of this part is to require the establishment of a program utilizing all available manpower services, including those authorized under other provisions of law, under which individuals receiving aid to families with dependent children will be furnished incentives, opportunities, and necessary services in order for (1) the employment of such individuals in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in special work projects, thus restoring the families of such individuals to independence and useful roles in their communities. It is expected that the individuals participating in the program established under this part will acquire a sense of dignity, self-worth, and confidence which will flow from being recognized as a wage-earning member of society and that the example of a working adult in these families will have beneficial effects on the children in such families.

"APPROPRIATION

"SEC. 431. There is hereby authorized to be appropriated to the Secretary of Health, Education, and Welfare for each fiscal year a sum sufficient to carry out the purposes of this part. The Secretary of Health, Education, and Welfare shall transfer to the Secretary of Labor from time to time sufficient amounts, out of the moneys appropriated pursuant to this section, to enable him to carry out such purposes.

"ESTABLISHMENT OF PROGRAMS

"SEC. 432. (a) The Secretary of Labor (hereinafter in this part referred to as the Secretary) shall, in accordance with the provisions of this part, establish work incentive programs (as provided for in subsection (b)) in each State and in each political subdivision of a State in which he determines there is a significant number of individuals who

have attained age 16 and are receiving aid to families with dependent children. In other political subdivisions, he shall use his best efforts to provide such programs either within such subdivisions or through the provision of transportation for such persons to political subdivisions of the State in which such programs are established.

"(b) Such programs shall include, but shall not be limited to, (1) a program placing as many individuals as is possible in employment, and utilizing on-the-job training positions for others, (2) a program of institutional and work experience training for those individuals for whom such training is likely to lead to regular employment, and (3) a program of special work projects for individuals for whom a job in the regular economy cannot be found.

"(c) In carrying out the purposes of this part the Secretary may make grants to, or enter into agreements with, public or private agencies or organizations (including Indian tribes with respect to Indians on a reservation), except that no such grant or agreement shall be made to or with a private employer for profit or with a private non-profit employer not organized for a public purpose for purposes of the work experience program established by clause (2) of subsection (b).

"(d) Using funds appropriated under this part, the Secretary, in order to carry out the purposes of this part, shall utilize his authority under the Manpower Development and Training Act of 1962, the Act of June 6, 1933, as amended (48 Stat. 113), and other Acts, to the extent such authority is not inconsistent with this Act.

76 Stat. 23.

42 USC 2571

note.

29 USC 49-49k.

"(e) The Secretary shall take appropriate steps to assure that the present level of manpower services available under the authority of other statutes to recipients of aid to families with dependent children is not reduced as a result of programs under this part.

"OPERATION OF PROGRAM

"SEC. 433. (a) The Secretary shall provide a program of testing and counseling for all persons referred to him by a State, pursuant to section 402, and shall select those persons whom he finds suitable for the programs established by clauses (1) and (2) of section 432(b). Those not so selected shall be deemed suitable for the program established by clause (3) of such section 432(b) unless the Secretary finds that there is good cause for an individual not to participate in such program.

"(b) The Secretary shall develop an employability plan for each suitable person referred to him under section 402 which shall describe the education, training, work experience, and orientation which it is determined that each such person needs to complete in order to enable him to become self-supporting.

42 USC 602.

"(c) The Secretary shall make maximum use of services available from other Federal and State agencies and, to the extent not otherwise available on a nonreimbursable basis, he may reimburse such agencies for services rendered to persons under this part.

"(d) To the extent practicable and where necessary, work incentive programs established by this part shall include, in addition to the regular counseling, testing, and referral available through the Federal-State Employment Service System, program orientation, basic education, training in communications and employability skills, work experience, institutional training, on-the-job training, job development, and special job placement and followup services, required to assist participants in securing and retaining employment and securing possibilities for advancement.

"(e) (1) In order to develop special work projects under the program established by section 432(b) (3), the Secretary shall enter into agreements with (A) public agencies, (B) private nonprofit organizations established to serve a public purpose, and (C) Indian tribes

with respect to Indians on a reservation, under which individuals deemed suitable for participation in such a program will be provided work which serves a useful public purpose and which would not otherwise be performed by regular employees.

"(2) Such agreements shall provide—

"(A) for the payment by the Secretary to each employer a portion of the wages to be paid by the employer to the individuals for the work performed;

"(B) the hourly wage rate and the number of hours per week individuals will be scheduled to work on special work projects of such employer;

"(C) that the Secretary will have such access to the premises of the employer as he finds necessary to determine whether such employer is carrying out his obligations under the agreement and this part; and

"(D) that the Secretary may terminate any agreement under this subsection at any time.

"(3) The Secretary shall establish one or more accounts in each State with respect to the special work projects established and maintained pursuant to this subsection and place into such accounts the amounts paid to him by the State agency pursuant to section 402(a) (19) (E). The amounts in such accounts shall be available for the payments specified in subparagraph (A) of paragraph (2). At the end of each fiscal year and for such period of time as he may establish, the Secretary shall determine how much of the amounts paid to him by the State agency pursuant to section 402(a) (19) (E) were not expended as provided by the preceding sentence of this paragraph and shall return such unexpended amounts to the State, which amounts shall be regarded as overpayments for purposes of section 403(b) (2).

Post, p. 890.

42 USC 603.

"(4) No wage rates provided under any agreement entered into under this subsection shall be lower than the applicable minimum wage for the particular work concerned.

"(f) Before entering into a project under any of the programs established by this part, the Secretary shall have reasonable assurances that—

"(1) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

"(2) such project will not result in the displacement of employed workers,

"(3) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant,

"(4) appropriate workmen's compensation protection is provided to all participants.

"(g) Where an individual, referred to the Secretary of Labor pursuant to section 402(a) (19) (A) (i) and (ii) refuses without good cause to accept employment or participate in a project under a program established by this part, the Secretary of Labor shall (after providing opportunity for fair hearing) notify the State agency which referred such individual and submit such other information as he may have with respect to such refusal.

"(h) With respect to individuals who are participants in special work projects under the program established by section 432(b) (3), the Secretary shall periodically (but at least once every six months) review the employment record of each such individual while on such special work project and on the basis of such record and such other

information as he may acquire determine whether it would be feasible to place such individual in regular employment or on any of the projects under the programs established by section 432(b) (1) and (2).

"INCENTIVE PAYMENT

"SEC. 434. The Secretary is authorized to pay to any participant under a program established by section 432(b) (2) an incentive payment of not more than \$30 per month, payable in such amounts and at such times as the Secretary prescribes.

"FEDERAL ASSISTANCE

"SEC. 435. (a) Federal assistance under this part shall not exceed 80 per centum of the costs of carrying out this part. Non-Federal contributions may be cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.

"(b) Costs of carrying out this part include costs of training, supervision, materials, administration, incentive payments, transportation, and other items as are authorized by the Secretary, but may not include any reimbursement for time spent by participants in work, training, or other participation in the program; except that with respect to special work projects under the program established by section 432(b) (3), the costs of carrying out this part shall include only the costs of administration.

"PERIOD OF ENROLLMENT

"SEC. 436. (a) The program established by section 432(b) (2) shall be designed by the Secretary so that the average period of enrollment under all projects under such program throughout any area of the United States will not exceed one year.

"(b) Services provided under this part may continue to be provided to an individual for such period as the Secretary determines (in accordance with regulations prescribed by the Secretary after consultation with the Secretary of Health, Education, and Welfare) is necessary to qualify him fully for employment even though his earnings disqualify him from aid under a State plan approved under section 402.

42 USC 602.

"RELOCATION OF PARTICIPANTS

"SEC. 437. The Secretary may assist participants to relocate their place of residence when he determines such relocation is necessary in order to enable them to become permanently employable and self-supporting. Such assistance shall be given only to participants who concur in their relocation and who will be employed at their place of relocation at wage rates which will meet at least their full need as determined by the State to which they will be relocated. Assistance under this section shall not exceed the reasonable costs of transportation for participants, their dependents, and their household belongings plus such relocation allowance as the Secretary determines to be reasonable.

"PARTICIPANTS NOT FEDERAL EMPLOYEES

"SEC. 438. Participants in projects under programs established by this part shall be deemed not to be Federal employees and shall not be subject to the provisions of laws relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

"RULES AND REGULATIONS

"SEC. 439. The Secretary may issue such rules and regulations as he finds necessary to carry out the purposes of this part: *Provided*, That in developing policies for programs established by this part the Secretary shall consult with the Secretary of Health, Education, and Welfare.

"ANNUAL REPORT

"SEC. 440. The Secretary shall annually report to the Congress (with the first such report being made on or before July 1, 1970) on the work incentive programs established by this part.

"EVALUATION AND RESEARCH

"SEC. 441. The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the work incentive programs established by this part, including their effectiveness in achieving stated goals and their impact on other related programs. He also may conduct research regarding ways to increase the effectiveness of such programs. He may, for this purpose, contract for independent evaluations of and research regarding such programs or individual projects under such programs. For purposes of sections 435 and 443, the costs of carrying out this section shall not be regarded as costs of carrying out work incentive programs established by this part.

"REVIEW OF SPECIAL WORK PROJECTS BY A STATE PANEL

"SEC. 442. (a) The Secretary shall make an agreement with any State which is able and willing to do so under which the Governor of the State will create one or more panels to review applications tentatively approved by the Secretary for the special work projects in such State to be established by the Secretary under the program established by section 432(b)(3).

"(b) Each such panel shall consist of not more than five and not less than three members, appointed by the Governor. The members shall include one representative of employers and one representative of employees; the remainder shall be representatives of the general public. No special work project under such program developed by the Secretary pursuant to an agreement under section 433(e)(1) shall, in any State which has an agreement under this section, be established or maintained under such program unless such project has first been approved by a panel created pursuant to this section.

"COLLECTION OF STATE SHARE

"SEC. 443. If a non-Federal contribution of 20 per centum of the costs of the work incentive programs established by this part is not made in any State (as specified in section 402(a)), the Secretary of Health, Education, and Welfare may withhold any action under section 404 because of the State's failure to comply substantially with a provision required by section 402. If the Secretary of Health, Education, and Welfare does withhold such action, he shall, after reasonable notice and opportunity for hearing to the appropriate State agency or agencies, withhold any payments to be made to the State under sections 3(a), 403(a), 1003(a), 1403(a), 1603(a), and 1903(a) until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section 402(a)(19)(C)) equals 20 per centum of the costs of such work incentive programs. Such withholding shall remain in effect until such time as the Secretary has assur-

42 USC 602.

42 USC 604.

42 USC 303,
603, 1203,
1353, 1383,
1396b.
Post, p. 890.

ances from the State that such 20 per centum will be contributed as required by section 402. Amounts so withheld shall be deemed to have been paid to the State under such sections and shall be paid by the Secretary of Health, Education, and Welfare to the Secretary. Such payment shall be considered a non-Federal contribution for purposes of section 435.

"AGREEMENTS WITH OTHER AGENCIES PROVIDING ASSISTANCE TO
FAMILIES OF UNEMPLOYED PARENTS

"SEC. 444. (a) The Secretary is authorized to enter into an agreement (in accordance with the succeeding provisions of this section) with any qualified State agency (as described in subsection (b)) under which the program established by the preceding sections of this part C will (except as otherwise provided in this section) be applicable to individuals referred by such State agency in the same manner, to the same extent, and under the same conditions as such program is applicable with respect to individuals referred to the Secretary by a State agency administering or supervising the administration of a State plan approved by the Secretary of Health, Education, and Welfare under part A of this title.

"(b) A qualified State agency referred to in subsection (a) is a State agency which is charged with the administration of a program—

"(1) the purpose of which is to provide aid or assistance to the families of unemployed parents,

"(2) which is not established pursuant to part A of title IV of the Social Security Act,

"(3) which is financed entirely from funds appropriated by the Congress, and

"(4) none of the financing of which is made available under any program established pursuant to title V of the Economic Opportunity Act.

"(c) (1) Any agreement under this section with a qualified State agency shall provide that such agency will, with respect to all individuals receiving aid or assistance under the program of aid or assistance to families of unemployed parents administered by such agency, comply with the requirements imposed by section 402(a) (15) and section 402(a) (19) (F) in the same manner and to the same extent as if (A) such qualified agency were the agency in such State administering or supervising the administration of a State plan approved under part A of this title, and (B) individuals receiving aid or assistance under the program administered by such qualified agency were recipients of aid under a State plan which is so approved.

"(2) Any agreement entered into under this section shall remain in effect for such period as may be specified in the agreement by the Secretary and the qualified State agency, except that, whenever the Secretary determines, after reasonable notice and opportunity for hearing to the qualified State agency, that such agency has failed substantially to comply with its obligations under such agreement, the Secretary may suspend operation of the agreement until such time as he is satisfied that the State agency will no longer fail substantially to comply with its obligations under such agreement.

"(3) Any such agreement shall further provide that the agreement will be inoperative for any calendar quarter if, for the preceding calendar quarter, the maximum amount of benefits payable under the program of aid or assistance to families of unemployed parents administered by the qualified State agency which is a party to such agreement is lower than the maximum amount of benefits payable under such program for the quarter which ended September 30, 1967.

Post, p.911.

Ante, p.878.

Post, p.890.

Ante, p. 885.

Ante, p. 878.

Ante, p. 877.

Ante, p. 884.

Ante, p. 887.

Ante, p. 881.

"(d) The Secretary shall, at the request of any qualified State agency referred to in subsection (a) of this section and upon receipt from it of a list of the names of individuals rereferred to the Secretary, furnish to such agency the names of each individual on such list participating in a special work project under section 433(a)(3) whom the Secretary determines should continue to participate in such project. The Secretary shall not comply with any such request with respect to an individual on such list unless such individual has been referred to the Secretary by such agency under such section 402(a)(15) for a period of at least six months."

(b) Section 402(a) of such Act is amended by adding at the end thereof before the period the following:

"; (19) provide—

"(A) for the prompt referral to the Secretary of Labor or his representative for participation under a work incentive program established by part C of—

"(i) each appropriate child and relative who has attained age sixteen and is receiving aid to families with dependent children,

"(ii) each appropriate individual (living in the same home as a relative and child receiving such aid) who has attained such age and whose needs are taken into account in making the determination under section 402(a)(7), and

"(iii) any other person claiming aid under the plan (not included in clauses (i) and (ii)), who, after being informed of the work incentive programs established by part C, requests such referral unless the State agency determines that participation in any of such programs would be inimical to the welfare of such person or the family;

except that the State agency shall not so refer a child, relative, or individual under clauses (i) and (ii) if such child, relative, or individual is—

"(iv) a person with illness, incapacity, or advanced age,

"(v) so remote from any of the projects under the work incentive programs established by part C that he cannot effectively participate under any of such programs,

"(vi) a child attending school full time, or

"(vii) a person whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household;

"(B) that aid under the plan will not be denied by reason of such referral or by reason of an individual's participation on a project under the program established by section 432(b)(2) or (3);

"(C) for arrangements to assure that there will be made a non-Federal contribution to the work incentive programs established by part C by appropriate agencies of the State or private organizations of 20 per centum of the cost of such programs, as specified in section 435(b);

"(D) that (i) training incentives authorized under section 434, and income derived from a special work project under the program established by section 432(b)(3) shall be disregarded in determining the needs of an individual under section 402(a)(7), and (ii) in determining such individual's needs the additional expenses attributable to his participa-

tion in a program established by section 432(b) (2) or (3) shall be taken into account;

"(E) that, with respect to any individual referred pursuant to subparagraph (A) who is participating in a special work project under the program established by section 432(b)(3), (i) the State agency, after proper notification by the Secretary of Labor, will pay to such Secretary (at such times and in such manner as the Secretary of Health, Education, and Welfare prescribes) the money payments such State would otherwise make to or on behalf of such individual (including such money payments with respect to such individual's family), or 80 per centum of such individual's earnings under such program, whichever is lesser and (ii) the State agency will supplement any earnings received by such individual by payments to such individual (which payments shall be considered aid under the plan) to the extent that such payments when added to the individual's earnings from his participation in such special work project will be equal to the amount of the aid that would have been payable by the State agency with respect to such individual's family had he not participated in such special work project, plus 20 per centum of such individual's earnings from such special work project; and

Ante, p. 884.

"(F) that if and for so long as any child, relative, or individual (referred to the Secretary of Labor pursuant to subparagraph (A) (i) and (ii) and section 407(b) (2)) has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program established by part C with respect to which the Secretary of Labor has determined his participation is consistent with the purposes of such part C, or to have refused without good cause to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined, after notification by him, to be a bona fide offer of employment—

Ante, p. 882.

"(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;

42 USC 608.

"(ii) aid with respect to a dependent child will be denied if a child who is the only child receiving aid in the family makes such refusal;

"(iii) if there is more than one child receiving aid in the family, aid for any such child will be denied (and his needs will not be taken into account in making the determination under clause (7)) if that child makes such refusal; and

"(iv) if such individual makes such refusal, such individual's needs shall not be taken into account in making the determination under clause (7);

except that the State agency shall, for a period of sixty days, make payments of the type described in section 406(b)(2) (without regard to clauses (A) through (E) thereof) on behalf of the relative specified in clause (i), or continue aid in the case of a child specified in clause (ii) or (iii), or take

42 USC 606.

the individual's needs into account in the case of an individual specified in clause (iv), but only if during such period such child, relative, or individual accepts counseling or other services (which the State agency shall make available to such child, relative, or individual) aimed at persuading such relative, child, or individual, as the case may be, to participate in such program in accordance with the determination of the Secretary of Labor".

(c) (1) The amendment made by subsection (b) shall in the case of any State be effective on July 1, 1968, or if a statute of such State prevents it from complying with the requirements of such amendment on such date, such amendment shall with respect to such State be effective on July 1, 1969; except such amendment shall be effective earlier (in the case of any State), but not before April 1, 1968, if a modification of the State plan to comply with such amendment is approved on an earlier date.

42 USC 609.

(2) The provisions of section 409 of the Social Security Act shall not apply to any State with respect to any quarter beginning after June 30, 1968.

Ante, p. 885.

(d) During the fiscal year ending June 30, 1969, the Secretary of Labor may, notwithstanding the provisions of section 433(e) (2) (A) of the Social Security Act, pay all of the wages to be paid by the employer to the individuals for work performed for public agencies (including Indian tribes with respect to Indians on a reservation) under special work projects established under the program established by section 432(b) (3) of such Act and may transfer into accounts established pursuant to section 433(e) (3) of such Act such amounts as he finds necessary in addition to amounts paid into such accounts pursuant to section 402(a) (19) (E) of such Act.

Ante, p. 890.Ante, p. 881.

(e) Section 402(a) (8) of the Social Security Act (as amended by section 202(b) of this Act) is further amended by striking out "; and" at the end of subparagraph (A) and inserting in lieu thereof: "(except that the provisions of this clause (ii) shall not apply to earned income derived from participation on a project maintained under the programs established by section 432(b) (2) and (3)); and".

FEDERAL PARTICIPATION IN PAYMENTS FOR FOSTER CARE OF CERTAIN
DEPENDENT CHILDREN

Ante, p. 890.

SEC. 205. (a) Section 402(a) of the Social Security Act (as amended by the preceding provisions of this Act) is amended by inserting before the period at the end thereof the following new clause: "(20) effective July 1, 1969, provide for aid to families with dependent children in the form of foster care in accordance with section 408".

42 USC 608.

42 USC 603.

(b) Section 403(a) (1) (B) of such Act is amended by striking out "as exceeds" and all that follows and inserting in lieu thereof the following: "as exceeds (i) the product of \$32 multiplied by the total number of recipients of aid to families with dependent children (other than such aid in the form of foster care) for such month, plus (ii) the product of \$100 multiplied by the total number of recipients of aid to families with dependent children in the form of foster care for such month; and".

(c) Section 408(a) of such Act is amended by inserting "(A)" after "and (4) who", and by inserting before the semicolon at the end thereof the following: "; or (B) (i) would have received such aid in or for such month if application had been made therefor, or (ii) in the case of a child who had been living with a relative specified in section 406(a) within 6 months prior to the month in which such proceedings were initiated, would have received such aid in or for such month if

in such month he had been living with (and removed from the home of) such a relative and application had been made therefor".

(d) Sections 135(e) and 135(b) of the Public Welfare Amendments of 1962 are each amended by striking out ", and ending with the close of June 30, 1968".

Ante, p. 94.

(e) The amendments made by subsections (b) and (c) shall apply only with respect to foster care provided after December 1967.

EMERGENCY ASSISTANCE FOR CERTAIN NEEDY FAMILIES WITH CHILDREN

SEC. 206. (a) Section 403(a) of the Social Security Act (as amended by section 201(e) of this Act) is amended by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and", and by inserting after paragraph (4) the following new paragraph:

Ante, p. 880.

"(5) in the case of any State, an amount equal to the sum of—

"(A) 50 per centum of the total amount expended under the State plan during such quarter as emergency assistance to needy families with children in the form of payments or care specified in paragraph (1) of section 406(e), and

"(B) 75 per centum of the total amount expended under the State plan during such quarter as emergency assistance to needy families with children in the form of services specified in paragraph (1) of section 406(e)."

(b) Section 406 of such Act (as amended by section 201(f) of this Act) is amended by adding at the end thereof the following new subsection:

Ante, p. 880.

"(e)(1) The term 'emergency assistance to needy families with children' means any of the following, furnished for a period not in excess of 30 days in any 12-month period, in the case of a needy child under the age of 21 who is (or, within such period as may be specified by the Secretary, has been) living with any of the relatives specified in subsection (a)(1) in a place of residence maintained by one or more of such relatives as his or their own home, but only where such child is without available resources, the payments, care, or services involved are necessary to avoid destitution of such child or to provide living arrangements in a home for such child, and such destitution or need for living arrangements did not arise because such child or relative refused without good cause to accept employment or training for employment—

"Emergency assistance to needy families with children."

"(A) money payments, payments in kind, or such other payments as the State agency may specify with respect to, or medical care or any other type of remedial care recognized under State law on behalf of, such child or any other member of the household in which he is living, and

"(B) such services as may be specified by the Secretary; but only with respect to a State whose State plan approved under section 402 includes provision for such assistance.

42 USC 602.

"(2) Emergency assistance as authorized under paragraph (1) may be provided under the conditions specified in such paragraph to migrant workers with families in the State or in such part or parts thereof as the State shall designate."

PROTECTIVE PAYMENTS AND VENDOR PAYMENTS WITH RESPECT TO DEPENDENT CHILDREN

SEC. 207. (a)(1) Section 406(b)(2) of the Social Security Act is amended by striking out all that follows "(2)" and precedes "but only", and inserting in lieu thereof the following: "payments with respect to any dependent child (including payments to meet the needs of

76 Stat. 189.
42 USC 606.

Ante, p. 881.

76 Stat. 1892
42 USC 606.

Ante, p. 893.

Ante, p. 890.

Ante, p. 94.

the relative, and the relative's spouse, with whom such child is living, and the needs of any other individual living in the same home if such needs are taken into account in making the determination under section 402(a)(7) which do not meet the preceding requirements of this subsection, but which would meet such requirements except that such payments are made to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such child or relative, or are made on behalf of such child or relative directly to a person furnishing food, living accommodations, or other goods, services, or items to or for such child, relative, or other individual."

(2) Section 406(b)(2) of such Act is further amended by striking out clause (B), and redesignating clauses (C) through (F) as clauses (B) through (E), respectively.

(b) Section 403(a) of such Act (as amended by the preceding provisions of this Act) is amended by—

(1) striking out "5" in the sentence immediately following paragraph (5) and inserting in lieu thereof "10";

(2) adding at the end thereof the following new sentence "In computing such 10 percent, there shall not be taken into account individuals with respect to whom such payments are made for any month in accordance with section 402(a)(19)(F)."

(c) Section 202(e) of the Public Welfare Amendments of 1962 is amended by striking out "and ending with the close of June 30, 1968".

LIMITATION ON NUMBER OF CHILDREN WITH RESPECT TO WHOM FEDERAL PAYMENTS MAY BE MADE

SEC. 208: (a) Section 403(a) of the Social Security Act is amended by striking out "shall pay" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "shall (subject to subsection (d)) pay".

(b) Section 403 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of this Act, the average monthly number of dependent children under the age of 18 who have been deprived of parental support or care by reason of the continued absence from the home of a parent with respect to whom payments under this section may be made to a State for any calendar quarter after June 30, 1968, shall not exceed the number which bears the same ratio to the total population of such State under the age of 18 on the first day of the year in which such quarter falls as the average monthly number of such dependent children under the age of 18 with respect to whom payments under this section were made to such State for the calendar quarter beginning January 1, 1968, bore to the total population of such State under the age of 18 on that date."

FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO HOME OWNED BY RECIPIENT OF AID OR ASSISTANCE

49 Stat. 647;
79 Stat. 423.
42 USC 1301-
1318.

SEC. 209. (a) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"FEDERAL PARTICIPATION IN PAYMENTS FOR REPAIRS TO HOME OWNED BY RECIPIENT OF AID OR ASSISTANCE

"SEC. 1119. In the case of an expenditure for repairing the home owned by an individual who is receiving aid or assistance, other than medical assistance to the aged, under a State plan approved under title I, X, XIV, or XVI, or part A of title IV if—

42 USC 301,
1201, 1351,
1381, 601.

"(1) the State agency or local agency administering the plan approved under such title has made a finding (prior to making such expenditure) that (A) such home is so defective that continued occupancy is unwarranted, (B) unless repairs are made to such home, rental quarters will be necessary for such individual, and (C) the cost of rental quarters to take care of the needs of such individual (including his spouse living with him in such home and any other individual whose needs were taken into account in determining the need of such individual) would exceed (over such time as the Secretary may specify) the cost of repairs needed to make such home habitable together with other costs attributable to continued occupancy of such home, and

"(2) no such expenditures were made for repairing such home pursuant to any prior finding under this section.

the amount paid to any such State for any quarter under section 3(a), 403(a), 1003(a), 1403(a), or 1603(a) shall be increased by 50 per centum of such expenditures, except that the excess above \$500 expended with respect to any one home shall not be included in determining such expenditures." 42 USC 303, 603, 1203, 1353, 1383.

(b) The amendment made by subsection (a) shall apply with respect to expenditures made after December 31, 1967.

USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS IN PROVIDING SERVICES TO INDIVIDUALS APPLYING FOR AND RECEIVING ASSISTANCE

SEC. 210. (a) (1) Section 2(a) (5) of the Social Security Act is amended by— 74 Stat. 988. 42 USC 302.

(A) striking out "provide" and inserting in lieu thereof "provide (A)"; and

(B) adding at the end thereof before the semicolon the following: "and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency".

(2) Section 402(a) (5) of such Act is amended by— 53 Stat. 1379. 42 USC 602.

(A) striking out "provide" and inserting in lieu thereof "provide (A)"; and

(B) adding at the end thereof before the semicolon the following: "and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community services aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency".

(3) Section 1002(a) (5) of such Act is amended by— 53 Stat. 1397. 42 USC 1202.

(A) striking out "provide" and inserting in lieu thereof "provide (A)"; and

(B) adding at the end thereof before the semicolon the following: "and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low-income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to appli-

cants and recipients and in assisting any advisory committees established by the State agency".

64 Stat. 555. (4) Section 1402(a) (5) of such Act is amended by—

42 USC 1352. (A) striking out "provide" and inserting in lieu thereof "provide (A)"; and

(B) adding at the end thereof before the semicolon the following: ", and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency".

76 Stat. 198. (5) Section 1602(a) (5) of such Act is amended by—

42 USC 1382. (A) striking out "provide" and inserting in lieu thereof "provide (A)"; and

(B) adding at the end thereof before the semicolon the following: ", and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency".

79 Stat. 344. (6) Section 1902(a) (4) of such Act is amended by—

42 USC 1396a. (A) striking out "provide" and inserting in lieu thereof "provide (A)"; and

(B) adding at the end thereof before the semicolon the following: ", and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency".

(b) Each of the amendments made by subsection (a) shall become effective July 1, 1969, or, if earlier (with respect to a State's plan approved under title I, X, XIV, XVI, or XIX, or part A of title IV) on the date as of which the modification of the State plan to comply with such amendment is approved.

42 USC 301,
1201, 1351,
1381, 1396,
601.

LOCATION OF CERTAIN PARENTS WHO DESERT OR ABANDON DEPENDENT CHILDREN

SEC. 211. (a) Effective January 1, 1969, section 402(a) of the Social Security Act (as amended by the preceding sections of this Act) is further amended by inserting before the period at the end thereof the following new clauses: "; (21) provide that the State agency will report to the Secretary, at such times (not less often than once each calendar quarter) and in such manner as the Secretary may prescribe—

Ante, p. 892.

"(A) the name, and social security account number, if known, of each parent of a dependent child or children with respect to whom aid is being provided under the State plan—

"(i) against whom an order for the support and maintenance of such child or children has been issued by a court of competent jurisdiction but who is not making payments in

compliance or partial compliance with such order, or against whom a petition for such an order has been filed in a court having jurisdiction to receive such petition, and

“(ii) whom it has been unable to locate after requesting and utilizing information included in the files of the Department of Health, Education, and Welfare maintained pursuant to section 205,

“(B) the last known address of such parent and any information it has with respect to the date on which such parent could last be located at such address, and

“(C) such other information as the Secretary may specify to assist in carrying out the provisions of section 410;

(22) provide that the State agency will, in accordance with standards prescribed by the Secretary, cooperate with the State agency administering or supervising the administration of the plan of another State under this part—

“(A) in locating a parent residing in such State (whether or not permanently) against whom a petition has been filed in a court of competent jurisdiction of such other State for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State, and

“(B) in securing compliance or good faith partial compliance by a parent residing in such State (whether or not permanently) with an order issued by a court of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State”.

(b) Title IV of such Act is amended by adding after section 409 the following new section:

“ASSISTANCE BY INTERNAL REVENUE SERVICE IN LOCATING PARENTS

“SEC. 410. (a) Upon receiving a report from a State agency made pursuant to section 402(a)(21), the Secretary shall furnish to the Secretary of the Treasury or his delegate the names and social security account numbers of the parents contained in such report, and the name of the State agency which submitted such report. The Secretary of the Treasury or his delegate shall endeavor to ascertain the address of each such parent from the master files of the Internal Revenue Service, and shall furnish any address so ascertained to the State agency which submitted such report.

“(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a). The Secretary shall transfer to the Secretary of the Treasury from time to time sufficient amounts out of the monies appropriated pursuant to this subsection to enable him to perform his functions under subsection (a).”

PROVISION OF SERVICES BY OTHERS THAN A STATE

SEC. 212. (a) So much of section 3(a)(4) of the Social Security Act as follows subparagraph (C) and precedes subparagraph (D) is amended by inserting after “shall” the following: “, except to the extent specified by the Secretary,”.

(b) So much of section 1003(a)(3) of such Act as follows subparagraph (C) and precedes subparagraph (D) is amended by inserting after “shall” the following: “, except to the extent specified by the Secretary,”.

(c) So much of section 1403(a)(3) of such Act as follows subparagraph (C) and precedes subparagraph (D) is amended by insert-

53 Stat. 1362.
42 USC 405.

Infra.

42 USC 601-
609.

Ante. p. 896.

76 Stat. 173.
42 USC 303.

42 USC 1203.

42 USC 1353.

ing after "shall" the following: "except to the extent specified by the Secretary,".

76 Stat. 200.
42 USC 1383.

(d) So much of section 1603(a)(4) of such Act as follows subparagraph (C) and precedes subparagraph (D) is amended by inserting after "shall" the following: "except to the extent specified by the Secretary,".

(e) The amendments made by the preceding subsections of this section shall take effect January 1, 1968.

AUTHORITY TO DISREGARD ADDITIONAL INCOME OF RECIPIENTS OF PUBLIC ASSISTANCE

79 Stat. 418.
42 USC 302.

SEC. 213. (a) (1) Section 2(a)(10)(A)(i) of the Social Security Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

42 USC 1202.

(2) Section 1002(a)(8)(C) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

42 USC 1352.

(3) Section 1402(a)(8)(A) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

79 Stat. 418.
42 USC 1382.

(4) Section 1604(a)(14)(D) of such Act is amended by striking out "not more than \$5" and inserting in lieu thereof "not more than \$7.50".

Ante, p. 896.

(b) Section 402(a) of such Act is amended by inserting before the period at the end thereof the following: "; and (23) provide that by July 1, 1969, the amounts used by the State to determine the needs of individuals will have been adjusted to reflect fully changes in living costs since such amounts were established, and any maximums that the State imposes on the amount of aid paid to families will have been proportionately adjusted".

PART 2—MEDICAL ASSISTANCE AMENDMENTS

LIMITATION ON FEDERAL PARTICIPATION IN MEDICAL ASSISTANCE

79 Stat. 349.
42 USC 1396b.

SEC. 220. (a) Section 1903 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(f) (1) (A) Except as provided in paragraph (4), payment under the preceding provisions of this section shall not be made with respect to any amount expended as medical assistance in a calendar quarter, in any State, for any member of a family the annual income of which exceeds the applicable income limitation determined under this paragraph.

"(B) (i) Except as provided in clause (ii) of this subparagraph, the applicable income limitation with respect to any family is the amount determined, in accordance with standards prescribed by the Secretary, to be equivalent to 133 $\frac{1}{3}$ percent of the highest amount which would ordinarily be paid to a family of the same size without any income or resources, in the form of money payments, under the plan of the State approved under part A of title IV of this Act.

Post, p. 911.

"(ii) If the Secretary finds that the operation of a uniform maximum limits payments to families of more than one size, he may adjust the amount otherwise determined under clause (i) to take account of families of different sizes.

"(C) The total amount of any applicable income limitation determined under subparagraph (B) shall, if it is not a multiple of \$100 or such other amount as the Secretary may prescribe, be rounded to the next higher multiple of \$100 or such other amount, as the case may be.

"(2) In computing a family's income for purposes of paragraph (1), there shall be excluded any costs (whether in the form of insurance

premiums or otherwise) incurred by such family for medical care or for any other type of remedial care recognized under State law.

"(3) For purposes of paragraph (1)(B), in the case of a family consisting of only one individual, the 'highest amount which would ordinarily be paid' to such family under the State's plan approved under part A of title IV of this Act shall be the amount determined by the State agency (on the basis of reasonable relationship to the amounts payable under such plan to families consisting of two or more persons) to be the amount of the aid which would ordinarily be payable under such plan to a family (without any income or resources) consisting of one person if such plan (without regard to section 408) provided for aid to such a family.

Post, p. 911.

42 USC 608.

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual who, at the time of the provision of the medical assistance giving rise to such expenditure—

"(A) is a recipient of aid or assistance under a plan of such State which is approved under title I, X, XIV, or XVI, or part A of title IV, or

42 USC 301,
1201, 1351,
1381.

"(B) is not a recipient of aid or assistance under such a plan but (i) is eligible to receive such aid or assistance, or (ii) would be eligible to receive such aid or assistance if he were not in a medical institution."

(b) (1) In the case of any State whose plan under title XIX of the Social Security Act is approved by the Secretary of Health, Education, and Welfare under section 1902 after July 25, 1967, the amendment made by subsection (a) shall apply with respect to calendar quarters beginning after the date of enactment of this Act.

42 USC 1396;
Post, pp. 903-
908.

(2) In the case of any State whose plan under title XIX of the Social Security Act was approved by the Secretary of Health, Education, and Welfare under section 1902 of the Social Security Act prior to July 26, 1967, the amendments made by subsection (a) shall apply with respect to calendar quarters beginning after June 30, 1968, except that—

(A) with respect to the third and fourth calendar quarters of 1968, such subsection shall be applied by substituting in subsection (f) of section 1903 of the Social Security Act 150 percent for 133 $\frac{1}{3}$ percent each time such latter figure appears in such subsection (f), and

Ante, p. 898.

(B) with respect to all calendar quarters during 1969, such subsection shall be applied by substituting in subsection (f) of section 1903 of such Act 140 percent for 133 $\frac{1}{3}$ percent each time such latter figure appears in such subsection (f).

MAINTENANCE OF STATE EFFORT

SEC. 221. (a) Section 1117(a) of the Social Security Act is amended by adding at the end thereof the following new sentence: "For any fiscal year ending on or after June 30, 1967, and before July 1, 1968, in lieu of the substitution provided by paragraph (3) or (4), at the option of the State (i) paragraphs (1) and (2) of this subsection shall be applied on a fiscal year basis (rather than on a quarterly basis), and (ii) the base period fiscal year shall be either the fiscal year ending June 30, 1965, or the fiscal year ending June 30, 1964 (whichever is chosen by the State).

79 Stat. 420.
42 USC 1317.

(b) Section 1117 of such Act is further amended by adding at the end thereof the following new subsection:

"(d) (1) In the case of the quarters in any fiscal year ending before July 1, 1968, the reduction (if any) under this section shall, at the

option of the State, be determined under paragraph (2), (3), or (4) of this subsection instead of under the preceding provisions of this section.

"(2) If the reduction determination is made under this paragraph for a State, then—

"(A) subsection (a) shall be applied by taking into account only money payments under plans of the State approved under titles I, X, XIV, and XVI, and part A of title IV,

"(B) subsection (b) shall be applied by eliminating each reference to title XIX, and

"(C) subsection (c) shall be applied by eliminating the reference to section 1903, and by substituting a reference to this paragraph for the reference to subsections (a) and (b).

"(3) If the reduction determination is made under this paragraph for a State, then—

"(A) subsection (a) shall be applied by taking into account payments under section 523 and section 422,

"(B) subsection (b) shall be applied by adding a reference to section 523 and section 422 after each reference to title XIX, and

"(C) subsection (c) shall be applied by adding a reference to section 523 and section 422 after the reference to section 1903, and by substituting a reference to this paragraph for the reference to subsections (a) and (b).

"(4) If the reduction determination is made under this paragraph for a State, then—

"(A) subsection (a) shall be applied by taking into account only (i) money payments under plans of the State approved under titles I, X, XIV, and XVI, and part A of title IV, and (ii) payments under section 523 and section 422,

"(B) subsection (b) shall be applied by eliminating each reference to title XIX and substituting a reference to section 523 and section 422, and

"(C) subsection (c) shall be applied by eliminating the reference to section 1903 and substituting a reference to section 523 and section 422, and by substituting a reference to this paragraph for the reference to subsections (a) and (b)."

(c) Section 1117(a) of such Act is further amended by striking out "December 31, 1965" and inserting in lieu thereof "June 30, 1966".

(d) Effective July 1, 1968, section 1117 of the Social Security Act is repealed.

COORDINATION OF TITLE XIX AND THE SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 222. (a) Section 1843 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(h) (1) The Secretary shall, at the request of a State made before January 1, 1970, enter into a modification of an agreement entered into with such State pursuant to subsection (a) under which the coverage group described in subsection (b) and specified in such agreement is broadened to include individuals who are eligible to receive medical assistance under the plan of such State approved under title XIX.

"(2) For purposes of this section, an individual shall be treated as eligible to receive medical assistance under the plan of the State approved under title XIX if, for the month in which the modification is entered into under this subsection or for any month thereafter, he has been determined to be eligible to receive medical assistance under such plan. In the case of any individual who would (but for this subsection) be excluded from the agreement, subsections (c) and (d) (2) shall be applied as if they referred to the modification under

42 USC 301,
1201, 1351,
1381.
Post, p. 911.
42 USC 1396;
Post, pp. 903-
908.

72 Stat. 1053.
42 USC 723.
Post, pp. 912,
915.

79 Stat. 420.
42 USC 1317.

79 Stat. 312;
80 Stat. 105.
42 USC 1395v.

this subsection (in lieu of the agreement under subsection (a)), and subsection (d)(2)(C) shall be applied by substituting 'second month following the first month' for 'first month'."

(b)(1) Section 1843(d)(3)(A) of such Act is amended by striking out "ineligible for money payments of a kind specified in the agreement" and inserting in lieu thereof the following: "ineligible both for money payments of a kind specified in the agreement and (if there is in effect a modification entered into under subsection (h)) for medical assistance".

79 Stat. 312.
42 USC 1395v,

(2) Section 1843(f) of such Act is amended—

(A) by inserting after "or part A of title IV," (as added by section 241(e)(2) of this Act) the following: "or eligible to receive medical assistance under the plan of such State approved under title XIX"; and

Post, p. 917.

(B) by inserting after "and part A of title IV" (as added by section 241(e)(2) of this Act) the following: "and individuals eligible to receive medical assistance under the plan of the State approved under title XIX".

(3) Section 1843(g)(1) of such Act is amended by striking out "1968" and inserting in lieu thereof "1970".

80 Stat. 105.

(4) The heading of section 1843 of such Act is amended by adding at the end thereof the following: "(OR ARE ELIGIBLE FOR MEDICAL ASSISTANCE)".

79 Stat. 312.

(c) Section 1903(b) of such Act is amended by inserting "(1)" after "(b)", and by adding at the end thereof the following new paragraph:

79 Stat. 349.
42 USC 1396b.

"(2) Notwithstanding the preceding provisions of this section, the amount determined under subsection (a)(1) for any State for any quarter beginning after December 31, 1967, shall not take into account any amounts expended as medical assistance with respect to individuals aged 65 or over which would not have been so expended if the individuals involved had been enrolled in the insurance program established by part B of title XVIII."

42 USC 1395j-
1395w.

(d) Effective with respect to calendar quarters beginning after December 31, 1967, section 1903(a)(1) of such Act is amended by striking out "and other insurance premiums" and inserting in lieu thereof "and, except in the case of individuals sixty-five years of age or older who are not enrolled under part B of title XVIII, other insurance premiums".

(e)(1) Section 1843(a) of such Act is amended by striking out "1968" and inserting in lieu thereof "1970".

(2) Section 1843(c) of such Act is amended—

(A) by striking out "and before January 1, 1968"; and

(B) by striking out "thereafter before January 1968"; and inserting in lieu thereof "thereafter".

(3) Section 1843(d)(2)(D) of such Act is amended by striking out "(not later than January 1, 1968)".

MODIFICATION OF COMPARABILITY PROVISIONS

SEC. 223. (a) Section 1902(a)(10) of the Social Security Act is amended—

79 Stat. 345.
42 USC 1396a.

(1) by inserting "(I)" after "except that" in the matter following subparagraph (B), and

(2) by inserting before the semicolon at the end the following: "and (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of the deductibles, cost

42 USC 1395j-
1395w.

sharing, or similar charges under part B of title XVIII for individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope, to any other individuals".

(b) The amendments made by subsection (a) shall apply with respect to calendar quarters beginning after June 30, 1967.

REQUIRED SERVICES UNDER STATE MEDICAL ASSISTANCE PLAN

79 Stat. 345.
42 USC 1396a.

SEC. 224. (a) Section 1902(a)(13) of the Social Security Act is amended to read as follows:

"(13) provide—

"(A) for inclusion of some institutional and some noninstitutional care and services, and

"(B) in the case of individuals receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905(a), and

"(C) in the case of individuals not included under subparagraph (B) for the inclusion of at least—

(i) the care and services listed in clauses (1) through (5) of section 1905(a) or

(ii) (I) the care and services listed in any 7 of the clauses numbered (1) through (14) of such section and (II) in the event the care and services provided under the State plan include hospital or skilled nursing home services, physicians' services to an individual in a hospital or skilled nursing home during any period he is receiving hospital services from such hospital or skilled nursing home services from such home, and

"(D) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;"

(b) The amendment made by subsection (a) shall apply with respect to calendar quarters beginning after December 31, 1967.

(c) (1) Section 1902(a)(13)(A) of the Social Security Act (as amended by subsection (a) of this section) is further amended to read as follows:

"(A) (i) for the inclusion of some institutional and some non-institutional care and services, and

"(ii) for the inclusion of home health services for any individual who, under the State plan, is entitled to skilled nursing home services, and".

(2) The amendment made by paragraph (1) of this subsection shall apply with respect to calendar quarters beginning after June 30, 1970.

EXTENT OF FEDERAL FINANCIAL PARTICIPATION IN CERTAIN ADMINISTRATIVE EXPENSES

42 USC 1396b.

SEC. 225. (a) Section 1903(a)(2) of the Social Security Act is amended by striking out "of the State agency (or of the local agency administering the State plan in the political subdivision)" and inserting in lieu thereof "of the State agency or any other public agency".

(b) The amendment made by subsection (a) shall apply with respect to expenditures made after December 31, 1967.

42 USC 301,
1201, 1351,
1381; Post,
p. 911.
42 USC 1396d.

ADVISORY COUNCIL ON MEDICAL ASSISTANCE

SEC. 226. Title XIX of the Social Security Act is amended by adding at the end thereof the following new section:

79 Stat. 343.
42 USC 1396-
1396d.

"ADVISORY COUNCIL ON MEDICAL ASSISTANCE

"SEC. 1906. For the purpose of advising the Secretary on matters of general policy in the administration of this title (including the relationship of this title and title XVIII) and making recommendations for improvements in such administration, there is hereby created a Medical Assistance Advisory Council which shall consist of twenty-one persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Secretary shall from time to time appoint one of the members to serve as Chairman. The members shall include representatives of State and local agencies and nongovernmental organizations and groups concerned with health, and of consumers of health services, and a majority of the membership of the Advisory Council shall consist of representatives of consumers of health services. Each member shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, five at the end of the first year, five at the end of the second year, five at the end of the third year, and six at the end of the fourth year after the date of appointment. A member shall not be eligible to serve continuously for more than two terms. The Secretary may, at the request of the Council or otherwise, appoint such special advisory professional or technical committees as may be useful in carrying out this title. Members of the Advisory Council and members of any such advisory or technical committee, while attending meetings or conferences thereof or otherwise serving on business of the Advisory Council or of such committee, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently. The Advisory Council shall meet as frequently as the Secretary deems necessary. Upon request of five or more members, it shall be the duty of the Secretary to call a meeting of the Advisory Council."

42 USC 1395-
139511.

80 Stat. 417.
5 USC 3301
et seq.
Membership.

Term of
office.

Compensation,
travel ex-
penses.

80 Stat. 499.

FREE CHOICE BY INDIVIDUALS ELIGIBLE FOR MEDICAL ASSISTANCE

SEC. 227. (a) Section 1902(a) of the Social Security Act is amended—

42 USC 1396a.

- (1) by striking out "and" at the end of paragraph (21);
- (2) by striking out the period at the end of paragraph (22) and inserting in lieu thereof "; and"; and
- (3) by adding after paragraph (22) the following new paragraph;

"(23) provide that any individual eligible for medical assistance (including drugs) may obtain such assistance from any institution, agency, community pharmacy, or person, qualified to perform the service or services required (including an organization

which provides such services, or arranges for their availability, on a prepayment basis), who undertakes to provide him such services."

(b) The amendments made by this section shall apply with respect to calendar quarters beginning after June 30, 1969; except that such amendments shall apply in the case of Puerto Rico, the Virgin Islands, and Guam only with respect to calendar quarters beginning after June 30, 1972.

UTILIZATION OF STATE FACILITIES TO PROVIDE CONSULTATIVE SERVICES TO INSTITUTIONS FURNISHING MEDICAL CARE

Ante, p. 903.

SEC. 228. (a) Section 1902(a) of the Social Security Act (as amended by section 227 of this Act) is amended—

- (1) by striking out "and" at the end of paragraph (22);
- (2) by striking out the period at the end of paragraph (23) and inserting in lieu thereof "; and"; and
- (3) by inserting after paragraph (23) the following new paragraph:

"(24) effective July 1, 1969, provide for consultative services by health agencies and other appropriate agencies of the State to hospitals, nursing homes, home health agencies, clinics, laboratories, and such other institutions as the Secretary may specify in order to assist them (A) to qualify for payments under this Act, (B) to establish and maintain such fiscal records as may be necessary for the proper and efficient administration of this Act, and (C) to provide information needed to determine payments due under this Act on account of care and services furnished to individuals."

(b) Effective July 1, 1969, the last sentence of section 1864(a) of such Act is repealed.

79 Stat. 326.
42 USC 1395aa.

PAYMENTS FOR SERVICES AND CARE BY A THIRD PARTY

SEC. 229. (a) Section 1902(a) of the Social Security Act (as amended by section 228 of this Act) is amended—

- (1) by striking out "and" at the end of paragraph (23);
- (2) by striking out the period at the end of paragraph (24) and inserting in lieu thereof "; and"; and
- (3) by inserting after paragraph (24) the following new paragraph:

"(25) provide (A) that the State or local agency administering such plan will take all reasonable measures to ascertain the legal liability of third parties to pay for care and services (available under the plan) arising out of injury, disease, or disability, (B) that where the State or local agency knows that a third party has such a legal liability such agency will treat such legal liability as a resource of the individual on whose behalf the care and services are made available for purposes of paragraph (17) (B), and (C) that in any case where such a legal liability is found to exist after medical assistance has been made available on behalf of the individual, the State or local agency will seek reimbursement for such assistance to the extent of such legal liability."

(b) The amendment made by subsection (a) shall apply with respect to legal liabilities of third parties arising after March 31, 1968.

(c) Section 1903(d) (2) of such Act is amended by adding at the end thereof the following new sentence: "Expenditures for which payments were made to the State under subsection (a) shall be treated

79 Stat. 350.
42 USC 1396b.

as an overpayment to the extent that the State or local agency administering such plan has been reimbursed for such expenditures by a third party pursuant to the provisions of its plan in compliance with section 1902(a) (25)."

Ante, p. 904.

DIRECT PAYMENTS TO CERTAIN RECIPIENTS OF MEDICAL ASSISTANCE

SEC. 230. Section 1905(a) of the Social Security Act is amended by inserting after "for individuals" in the matter preceding clause (i) the following: ", and, with respect to physicians' or dentists' services, at the option of the State, to individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV,".

79 Stat. 351.
42 USC 1396d.

42 USC 301,
1201, 1351,
1381; Post,
p. 911.

DATE ON WHICH STATE PLANS UNDER TITLE XIX MUST MEET CERTAIN FINANCIAL PARTICIPATION REQUIREMENTS

SEC. 231. Section 1902(a) (2) of the Social Security Act is amended by striking out "July 1, 1970" and inserting in lieu thereof "July 1, 1969".

42 USC 1396a.

OBSERVANCE OF RELIGIOUS BELIEFS

SEC. 232. Title XIX of the Social Security Act (as amended by section 226 of this Act) is further amended by adding at the end thereof the following new section:

Ante, p. 903.

"OBSERVANCE OF RELIGIOUS BELIEFS

"SEC. 1907. Nothing in this title shall be construed to require any State which has a plan approved under this title to compel any person to undergo any medical screening, examination, diagnosis, or treatment or to accept any other health care or services provided under such plan for any purpose (other than for the purpose of discovering and preventing the spread of infection or contagious disease or for the purpose of protecting environmental health), if such person objects (or, in case such person is a child, his parent or guardian objects) thereto on religious grounds."

COVERAGE UNDER TITLE XIX OF CERTAIN SPOUSES OF INDIVIDUALS RECEIVING CASH WELFARE AID OR ASSISTANCE

SEC. 233. (a) Section 1905(a) of the Social Security Act is amended (1) by striking out "or" at the end of clause (iv), (2) by inserting "or" at the end of clause (v), and (3) by inserting immediately below clause (v) the following new clause:

"(vi) persons essential (as described in the second sentence of this subsection) to individuals receiving aid or assistance under State plans approved under title I, X, XIV, or XVI,".

(b) Section 1905(a) of such Act is further amended by adding at the end thereof the following new sentence: "For purposes of clauses (vi) of the preceding sentence, a person shall be considered essential to another individual if such person is the spouse of and is living with such individual, the needs of such person are taken into account in determining the amount of aid or assistance furnished to such individual (under a State plan approved under title I, X, XIV, or XVI), and such person is determined, under such a State plan, to be essential to the well being of such individual."

STANDARDS FOR SKILLED NURSING HOMES FURNISHING SERVICES UNDER
STATE PLANS APPROVED UNDER TITLE XIX

Ante, pp. 903,
904.

SEC. 234. (a) Section 1902(a) of the Social Security Act (as amended by the preceding sections of this Act) is further amended (1) by striking out "and" at the end of paragraph (24), (2) by striking out the period at the end of paragraph (25) and inserting in lieu of such period a semicolon, and (3) by adding at the end thereof the following new paragraphs:

"(26) effective July 1, 1969, provide (A) for a regular program of medical review (including medical evaluation of each patient's need for skilled nursing home care) or (in the case of individuals who are eligible therefor under the State plan) need for care in a mental hospital, a written plan of care, and, where applicable, a plan of rehabilitation prior to admission to a skilled nursing home; (B) for periodic inspections to be made in all skilled nursing homes and mental institutions (if the State plan includes care in such institutions) within the State by one or more medical review teams (composed of physicians and other appropriate health and social service personnel) of (i) the care being provided in such nursing homes (and mental institutions, if care therein is provided under the State plan) to persons receiving assistance under the State plan, (ii) with respect to each of the patients receiving such care, the adequacy of the services available in particular nursing homes (or institutions) to meet the current health needs and promote the maximum physical well-being of patients receiving care in such homes (or institutions), (iii) the necessity and desirability of the continued placement of such patients in such nursing homes (or institutions), and (iv) the feasibility of meeting their health care needs through alternative institutional or noninstitutional services; and (C) for the making by such team or teams of full and complete reports of the findings resulting from such inspections together with any recommendations to the State agency administering or supervising the administration of the State plan;

"(27) provide for agreements with every person or institution providing services under the State plan under which such person or institution agrees (A) to keep such records as are necessary fully to disclose the extent of the services provided to individuals receiving assistance under the State plan, and (B) to furnish the State agency with such information, regarding any payments claimed by such person or institution for providing services under the State plan, as the State agency may from time to time request;

"(28) provide that any skilled nursing home receiving payments under such plan must—

"(A) supply to the licensing agency of the State full and complete information as to the identity (i) of each person having (directly or indirectly) an ownership interest of 10 per centum or more in such nursing home, (ii) in case a nursing home is organized as a corporation, of each officer and director of the corporation, and (iii) in case a nursing home is organized as a partnership, of each partner; and promptly report any changes which would affect the current accuracy of the information so required to be supplied;

"(B) have and maintain an organized nursing service for its patients, which is under the direction of a professional registered nurse who is employed full-time by such nursing home, and which is composed of sufficient nursing and aux-

iliary personnel to provide adequate and properly supervised nursing services for such patients during all hours of each day and all days of each week;

"(C) make satisfactory arrangements for professional planning and supervision of menus and meal service for patients for whom special diets or dietary restrictions are medically prescribed;

"(D) have satisfactory policies and procedures relating to the maintenance of medical records on each patient of the nursing home, dispensing and administering of drugs and biologicals, and assuring that each patient is under the care of a physician and that adequate provisions is made for medical attention to any patient during emergencies;

"(E) have arrangements with one or more general hospitals under which such hospital or hospitals will provide needed diagnostic and other services to patients of such nursing home, and under which such hospital or hospitals agree to timely acceptance, as patients thereof, of acutely ill patients of such nursing home who are in need of hospital care; except that the State agency may waive this requirement wholly or in part with respect to any nursing home meeting all the other requirements and which, by reason of remote location or other good and sufficient reason, is unable to effect such an arrangement with a hospital; and

"(F) (i) meet (after December 31, 1969) such provisions of the Life Safety Code of the National Fire Protection Association (21st Edition, 1967) as are applicable to nursing homes; except that the State agency may waive in accordance with regulations of the Secretary, for such periods as it deems appropriate, specific provisions of such code which, if rigidly applied, would result in unreasonable hardship upon a nursing home, but only if such agency makes a determination (and keeps a written record setting forth the basis of such determination) that such waiver will not adversely affect the health and safety of the patients of such skilled nursing home; and except that the requirements set forth in the preceding provisions of this subclause (i) shall not apply in any State if the Secretary finds that in such State there is in effect a fire and safety code, imposed by State law, which adequately protects patients in nursing homes; and (ii) meet conditions relating to environment and sanitation applicable to extended care facilities under title XVIII; except that the State agency may waive in accordance with regulations of the Secretary, for such periods as it deems appropriate, any requirement imposed by the preceding provisions of this subclause (ii) if such agency finds that such requirement, if rigidly applied, would result in unreasonable hardship upon a nursing home, but only if such agency makes a determination (and keeps a written record setting forth the basis of such determination) that such waiver will not adversely affect the health and safety of the patients of such nursing home."

42 USC 1395-
139511.

(b) The amendments made by subsection (a) of this section (unless otherwise specified in the body of such amendments) shall take effect on January 1, 1969.

(c) Notwithstanding any other provision of law, after June 30, 1968, no Federal funds shall be paid to any State as Federal matching under title I, X, XIV, XVI, or XIX of the Social Security Act for payments made to any nursing home for or on account of any nursing

42 USC 301,
1201, 1351,
1381, 1396;
Post, pp. 903-
908.

home services provided by such nursing home for any period during which such nursing home is determined not to meet fully all requirements of the State for licensure as a nursing home, except that the Secretary may prescribe a reasonable period or periods of time during which a nursing home which has formerly met such requirements will be eligible for payments which include Federal participation if during such period or periods such home promptly takes all necessary steps to again meet such requirements.

COST SHARING AND SIMILAR CHARGES WITH RESPECT TO INPATIENT
HOSPITAL SERVICES FURNISHED UNDER TITLE XIX

79 Stat. 346,
42 USC 1396a,

42 USC 301,
1201, 1351,
1381; Post,
p. 911.

SEC. 235. (a) (1) Section 1902(a)(14)(A) of the Social Security Act is amended by striking out "no" and inserting in lieu thereof the following: "in the case of individuals receiving aid or assistance under State plans approved under titles I, X, XIV, XVI, and part A of title IV, no".

(2) Section 1902(a)(14)(B) of such Act is amended (A) by inserting "inpatient hospital services or" after "respect to", and (B) by striking out "him" and inserting in lieu thereof "to an individual".

(3) Section 1902(a)(15) of the Social Security Act is amended to read as follows:

42 USC 1395-
139511.

"(15) in the case of eligible individuals 65 years of age or older who are covered by either or both of the insurance programs established by title XVIII, provide where, under the plan, all of any deductible, cost sharing, or similar charge imposed with respect to such individual under the insurance program established by such title is not met, the portion thereof which is met shall be determined on a basis reasonably related (as determined in accordance with standards approved by the Secretary and included in the plan) to such individual's income or his income and resources;"

(b) The amendments made by subsection (a) shall be effective in the case of calendar quarters beginning after December 31, 1967.

STATE PLAN REQUIREMENTS REGARDING LICENSING OF ADMINISTRATORS OF
SKILLED NURSING HOMES FURNISHING SERVICES UNDER STATE PLANS
APPROVED UNDER TITLE XIX

Ante, pp. 903,
904, 906.

SEC. 236. (a) Section 1902(a) of the Social Security Act (as amended by the preceding sections of this Act) is further amended (1) by striking out the period at the end of paragraph (28) and inserting in lieu thereof a semicolon and (2) by adding at the end of such section 1902(a) the following new paragraph:

"(29) include a State program which meets the requirements set forth in section 1908, for the licensing of administrators of nursing homes."

Ante, pp. 903,
905.

(b) Title XIX of the Social Security Act (as amended by the preceding sections of this Act) is further amended by adding at the end thereof the following:

"STATE PROGRAMS FOR LICENSING OF ADMINISTRATORS OF NURSING HOMES

Supra.

"SEC. 1908. (a) For purposes of section 1902(a)(29), a 'State program for the licensing of administrators of nursing homes' is a program which provides that no nursing home within the State may operate except under the supervision of an administrator licensed in the manner provided in this section.

"(b) Licensing of nursing home administrators shall be carried out by the agency of the State responsible for licensing under the healing arts licensing act of the State, or, in the absence of such act

or such an agency, a board representative of the professions and institutions concerned with care of chronically ill and infirm aged patients and established to carry out the purposes of this section.

“(c) It shall be the function and duty of such agency or board to—

“(1) develop, impose, and enforce standards which must be met by individuals in order to receive a license as a nursing home administrator, which standards shall be designed to insure that nursing home administrators will be individuals who are of good character and are otherwise suitable, and who, by training or experience in the field of institutional administration, are qualified to serve as nursing home administrators;

“(2) develop and apply appropriate techniques, including examinations and investigations, for determining whether an individual meets such standards;

“(3) issue licenses to individuals determined, after the application of such techniques, to meet such standards, and revoke or suspend licenses previously issued by the board in any case where the individual holding any such license is determined substantially to have failed to conform to the requirements of such standards;

“(4) establish and carry out procedures designed to insure that individuals licensed as nursing home administrators will, during any period that they serve as such, comply with the requirements of such standards;

“(5) receive, investigate, and take appropriate action with respect to, any charge or complaint filed with the board to the effect that any individual licensed as a nursing home administrator has failed to comply with the requirements of such standards; and

“(6) conduct a continuing study and investigation of nursing homes and administrators of nursing homes within the State with a view to the improvement of the standards imposed for the licensing of such administrators and of procedures and methods for the enforcement of such standards with respect to administrators of nursing homes who have been licensed as such.

“(d) No State shall be considered to have failed to comply with the provisions of section 1902(a) (29) because the agency or board of such State (established pursuant to subsection (b)) shall have granted any waiver, with respect to any individual who during all of the calendar year immediately preceding the calendar year in which the requirements prescribed in section 1902(a) (29) are first met by the State, has served as a nursing home administrator, of any of the standards developed, imposed, and enforced by such board pursuant to subsection (b) (1) other than such standards as relate to good character or suitability if—

Ante, p. 908.

“(1) such waiver is for a period which ends after being in effect for two years or on June 30, 1972, whichever is earlier, and

“(2) there is provided in the State (during all of the period for which waiver is in effect), a program of training and instruction designed to enable all individuals, with respect to whom any such waiver is granted, to attain the qualifications necessary in order to meet such standards.

“(e) (1) There are hereby authorized to be appropriated for fiscal year 1968 and the four succeeding fiscal years such sums as may be necessary to enable the Secretary to make grants to States for the purpose of assisting them in instituting and conducting programs of training and instruction of the type referred to in subsection (d) (2).

“(2) No grant with respect to any such program shall exceed 75 per centum of the reasonable and necessary cost, as determined by the Secretary, of instituting and conducting such program.

National Advisory Council on Nursing Home Administration.

80 Stat. 417.
5 USC 3301 et
seq.
Membership.

Duties.

Compensation,
travel ex-
penses.

80 Stat. 499.

Termination.

"Nursing
home."

"Nursing home
administrator."

"(f) (1) For the purpose of advising the Secretary and the States in carrying out the provisions of this section, there is hereby created a National Advisory Council on Nursing Home Administration which shall consist of nine persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Secretary shall from time to time appoint one of the members to serve as Chairman. The members shall include, but not be limited to, representatives of State health officers, State welfare directors, nursing home administrators, and university programs in public health or medical care administration.

"(2) In addition to the function stated in paragraph (1) of this subsection, it shall be the function and duty of the Council (A) to study and identify the core of knowledge that should constitute minimally the training in the field of institutional administration which should qualify an individual to serve as a nursing home administrator; (B) to study and identify the experience in the field of institutional administration that a nursing home administrator should be required to possess; (C) to study and develop model techniques for determining whether an individual possesses such qualifications; (D) to study and develop model criteria for granting waivers under the provisions of subsection (d); (E) to study and develop suggested programs of training referred to in subsection (d); (F) to study, develop, and recommend programs of training and instruction for those desiring to pursue a career in nursing home administration; (G) to complete the functions in (A) through (E) above by July 1, 1969, and submit a written report to the Secretary which report shall be submitted to the States to assist them in carrying out the provisions of this section.

"(3) Members of the Council, while attending meetings or conferences thereof or otherwise serving on business of the Council shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(4) The Secretary may at the request of the Council engage such technical assistance as may be required to carry out its functions; and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such pertinent data obtained and prepared by the Department of Health, Education, and Welfare as the Council may require to carry out its functions.

"(5) The Council shall be appointed by the Secretary prior to July 1, 1968, and shall cease to exist as of December 31, 1971.

"(g) As used in this section, the term—

"(1) 'nursing home' means any institution or facility defined as such for licensing purposes under State law, or, if State law does not employ the term nursing home, the equivalent term or terms as determined by the Secretary; and

"(2) 'nursing home administrator' means any individual who is charged with the general administration of a nursing home whether or not such individual has an ownership interest in such home and whether or not his functions and duties are shared with one or more other individuals."

(c) Except as otherwise specified in the text thereof, the amendments made by this section shall take effect on July 1, 1970.

UTILIZATION OF CARE AND SERVICES FURNISHED UNDER TITLE XIX

SEC. 237. Effective April 1, 1968, section 1902(a) of the Social Security Act (as amended by the preceding sections of this Act) is further amended by—

(a) striking out the period at the end and inserting in lieu thereof the following “; and”; and

(b) inserting after paragraph (29) (added to the Social Security Act by section 236 of this Act) the following paragraph:

“(30) provide such methods and procedures relating to the utilization of, and the payment for, care and services available under the plan as may be necessary to safeguard against unnecessary utilization of such care and services and to assure that payments (including payments for any drugs provided under the plan) are not in excess of reasonable charges consistent with efficiency, economy, and quality of care.”

Ante, p. 908.

DIFFERENCES IN STANDARDS WITH RESPECT TO INCOME ELIGIBILITY UNDER
TITLE XIX

SEC. 238. Effective July 1, 1969, section 1902(a) (17) of the Social Security Act is amended by striking out “(which shall be comparable for all groups)” and inserting in lieu thereof the following: “(which shall be comparable for all groups and may, in accordance with standards prescribed by the Secretary, differ with respect to income levels, but only in the case of applicants or recipients of assistance under the plan who are not receiving aid or assistance under the State’s plan approved under title I, X, XIV, or XVI, or part A of title IV, based on the variations between shelter costs in urban areas and in rural areas)”.

79 Stat. 346.
42 USC 1396a.

42 USC 301,
1201, 1351,
1381;
Infra.

PART 3—CHILD-WELFARE SERVICES AMENDMENTS

INCLUSION OF CHILD-WELFARE SERVICES IN TITLE IV

SEC. 240. (a) The heading of title IV of the Social Security Act is amended to read as follows:

76 Stat. 185.
42 USC 601-609.

“TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES”

(b) Title IV of such Act is further amended by inserting immediately after the heading of the title the following:

“PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN”

(c) Title IV of such Act is further amended by adding at the end thereof the following new part:

49 Stat. 627;
76 Stat. 186.

“PART B—CHILD-WELFARE SERVICES

“APPROPRIATION

“SEC. 420. For the purpose of enabling the United States, through the Secretary, to cooperate with State public welfare agencies in establishing, extending, and strengthening child-welfare services, the following sums are hereby authorized to be appropriated: \$55,000,000 for the fiscal year ending June 30, 1968, \$100,000,000 for the fiscal year ending June 30, 1969, and \$110,000,000 for each fiscal year thereafter.

"ALLOTMENTS TO STATES

Ante, p. 911.

"SEC. 421. The sum appropriated pursuant to section 420 for each fiscal year shall be allotted by the Secretary for use by cooperating State public welfare agencies which have plans developed jointly by the State agency and the Secretary, as follows: He shall allot \$70,000 to each State, and shall allot to each State an amount which bears the same ratio to the remainder of the sum so appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State (as determined under section 423) bears to the sum of the corresponding products of all the States.

Post, p. 913.

"PAYMENT TO STATES

"SEC. 422. (a) From the sums appropriated therefor and the allotment available under this part, the Secretary shall from time to time pay to each State—

Post, p. 915.

"(1) that has a plan for child-welfare services which has been developed as provided in this part and which—

42 USC 601-609.

Ante, p. 911.

"(A) provides for coordination between the services provided under such plan and the services provided for dependent children under the State plan approved under part A of this title, with a view to provision of welfare and related services which will best promote the welfare of such children and their families, and

"(B) provides, with respect to day care services (including the provision of such care) provided under this title—

"(i) for cooperative arrangements with the State health authority and the State agency primarily responsible for State supervision of public schools to assure maximum utilization of such agencies in the provision of necessary health services and education for children receiving day care,

"(ii) for an advisory committee, to advise the State public welfare agency on the general policy involved in the provision of day care services under the plan, which shall include among its members representatives of other State agencies concerned with day care or services related thereto and persons representative of professional or civic or other public or nonprofit private agencies, organizations, or groups concerned with the provision of day care,

"(iii) for such safeguards as may be necessary to assure provision of day care under the plan only in cases in which it is in the best interest of the child and the mother and only in cases in which it is determined, under criteria established by the State, that a need for such care exists; and, in cases in which the family is able to pay part or all of the costs of such care, for payment of such fees as may be reasonable in the light of such ability,

"(iv) for giving priority, in determining the existence of need for such day care, to members of low-income or other groups in the population, and to geographical areas, which have the greatest relative need for extension of such day care, and

"(v) that day care provided under the plan will be provided only in facilities (including private homes) which are licensed by the State, or approved (as meeting the standards established for such licensing) by the State agency responsible for licensing facilities of this type, and

“(vi) for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child, and

“(2) that makes a satisfactory showing that the State is extending the provision of child-welfare services in the State, with priority being given to communities with the greatest need for such services after giving consideration to their relative financial need, and with a view to making available by July 1, 1975, in all political subdivisions of the State, for all children in need thereof, child-welfare services provided by the staff (which shall to the extent feasible be composed of trained child-welfare personnel) of the State public welfare agency or of the local agency participating in the administration of the plan in the political subdivision,

except that (effective July 1, 1969, or, if earlier, on the date as of which the modification of the State plan to comply with this requirement with respect to subprofessional staff is approved) such plan shall provide for the training and effective use of paid subprofessional staff with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in providing services and in assisting any advisory committees established by the State agency, an amount equal to the Federal share (as determined under section 423) of the total sum expended under such plan (including the cost of administration of the plan) in meeting the costs of State, district, county, or other local child-welfare services, in developing State services for the encouragement and assistance of adequate methods of community child-welfare organization, in paying the costs of returning any runaway child who has not attained the age of eighteen to his own community in another State, and of maintaining such child until such return (for a period not exceeding fifteen days), in cases in which such costs cannot be met by the parents of such child or by any person, agency, or institution legally responsible for the support of such child. In developing such services for children, the facilities and experience of voluntary agencies shall be utilized in accordance with child-care programs and arrangements in the State and local communities as may be authorized by the State.

“(b) The method of computing and paying such amounts shall be as follows:

“(1) The Secretary shall, prior to the beginning of each period for which a payment is to be made, estimate the amount to be paid to the State for such period under the provisions of subsection (a).

“(2) From the allotment available therefor, the Secretary shall pay the amount so estimated, reduced or increased, as the case may be, by any sum (not previously adjusted under this section) by which he finds that his estimate of the amount to be paid the State for any prior period under this section was greater or less than the amount which should have been paid to the State for such prior period under this section.

“ALLOTMENT PERCENTAGE AND FEDERAL SHARE

“SEC. 423. (a) The ‘allotment percentage’ for any State shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of

the United States; except that (1) the allotment percentage shall in no case be less than 30 per centum or more than 70 per centum, and (2) the allotment percentage shall be 70 per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

"(b) The 'Federal share' for any State for any fiscal year shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States, except that (1) in no case shall the Federal share be less than $33\frac{1}{3}$ per centum or more than $66\frac{2}{3}$ per centum, and (2) the Federal share shall be $66\frac{2}{3}$ per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

"(c) The Federal share and the allotment percentage for each State shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Federal shares and allotment percentages promulgated under section 524(c) of the Social Security Act in 1966 shall be effective for purposes of this section for the fiscal years ending June 30, 1968, and June 30, 1969.

"(d) For purposes of this section, the term 'United States' means the fifty States and the District of Columbia.

42 USC 724.

"United States."

"REALLOTMENT

Ante, p. 912.

"SEC. 424. The amount of any allotment to a State under section 421 for any fiscal year which the State certifies to the Secretary will not be required for carrying out the State plan developed as provided in such section shall be available for reallootment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines (1) have need in carrying out their State plans so developed for sums in excess of those previously allotted to them under that section and (2) will be able to use such excess amounts during such fiscal year. Such reallootments shall be made on the basis of the State plans so developed, after taking into consideration the population under the age of twenty-one, and the per capita income of each such State as compared with the population under the age of twenty-one, and the per capita income of all such States with respect to which such a determination by the Secretary has been made. Any amount so reallootted to a State shall be deemed part of its allotment under section 421.

"DEFINITION

"Child-welfare services."

"SEC. 425. For purposes of this title, the term 'child-welfare services' means public social services which supplement, or substitute for, parental care and supervision for the purpose of (1) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day-care or other child-care facilities.

"RESEARCH, TRAINING, OR DEMONSTRATION PROJECTS"

"SEC. 426. (a) There are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine—

"(1) for grants by the Secretary—

"(A) to public or other nonprofit institutions of higher learning, and to public or other nonprofit agencies and organizations engaged in research or child-welfare activities, for special research or demonstration projects in the field of child welfare which are of regional or national significance and for special projects for the demonstration of new methods or facilities which show promise of substantial contribution to the advancement of child welfare;

"(B) to State or local public agencies responsible for administering, or supervising the administration of, the plan under this part, for projects for the demonstration of the utilization of research (including findings resulting therefrom) in the field of child welfare in order to encourage experimental and special types of welfare services; and

"(C) to public or other nonprofit institutions of higher learning for special projects for training personnel for work in the field of child welfare, including traineeships with such stipends and allowances as may be permitted by the Secretary; and

"(2) for contracts or jointly financed cooperative arrangements with States and public and other organizations and agencies for the conduct of research, special projects, or demonstration projects relating to such matters.

"(b) Payments of grants or under contracts or cooperative arrangements under this section may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the grants, contracts, or other arrangements."

(d) (1) Subparagraphs (A) and (B) of section 422(a) (1) of the Social Security Act (as added by subsection (c) of this section) are redesignated as (B) and (C).

Ante, p. 912.

(2) So much of paragraph (1) of section 422(a) of such Act (as added by subsection (c) of this section) as precedes subparagraph (B) (as redesignated) is amended to read as follows:

"(1) that has a plan for child-welfare services which has been developed as provided in this part and which—

"(A) provides that (i) the State agency designated pursuant to section 402(a) (3) to administer or supervise the administration of the plan of the State approved under part A of this title will administer or supervise the administration of such plan for child-welfare services and (ii) to the extent that child-welfare services are furnished by the staff of the State agency or local agency administering such plan for child-welfare services, the organizational unit in such State or local agency established pursuant to section 402(a) (15) will be responsible for furnishing such child-welfare services."

42 USC 602.

42 USC 601-609.
Ante, p. 911.

Ante, p. 878.

(e) (1) Part 3 of title V of the Social Security Act is repealed on the date this Act is enacted.

Repeal.
72 Stat. 1052.
42 USC 721-728.

(2) Part B of title IV of the Social Security Act (as added by subsection (c) of this section), and the amendments made by subsections (a) and (b) of this section, shall become effective on the date this Act is enacted.

81 STAT. 916

(3) The amendments made by paragraphs (1) and (2) of subsection (d) shall become effective July 1, 1969, except that (A) if on the date of enactment of this Act the agency of a State administering its plan for child-welfare services developed under part B of title IV of the Social Security Act is different from the agency of the State designated pursuant to section 402(a)(3) of such Act, so much of paragraph (1) of section 422(a) of such Act as precedes subparagraph (B) (as added by paragraph (2) of such subsection (d)) shall not apply with respect to such agencies but only so long as such agencies of the State are different, and (B) if on such date the local agency administering the plan of a State for child-welfare services developed under part B of title IV of the Social Security Act is different from the local agency in such subdivision administering the plan of such State under part A of title IV of such Act, so much of such paragraph (1) as precedes such subparagraph (B) shall not apply with respect to such local agencies but only so long as such local agencies are different.

Ante, p. 911.

42 USC 602.

Ante, p. 915.

42 USC 601-609.

Ante, p. 911.

(f) In the case of any State which has a plan developed as provided in part 3 of title V of the Social Security Act as in effect prior to the enactment of this Act—

72 Stat. 1052.

42 USC 721-728.

(1) such plan shall be treated as a plan developed, as provided in part B of title IV of such Act, on the date this Act is enacted:

(2) any sums appropriated, allotted, or reallocated pursuant to part 3 of title V for the fiscal year ending June 30, 1968, shall be deemed appropriated, allotted, or reallocated (as the case may be) under part B of title IV of such Act for such fiscal year; and

42 USC 723.

Ante, pp. 912,
915.

(3) any overpayment or underpayment which the Secretary determines was made to the State under section 523 of the Social Security Act and with respect to which adjustment has not then already been made under subsection (b) of such section shall, for purposes of section 422 of such Act, be considered an overpayment or underpayment (as the case may be) made under section 422 of such Act.

42 USC 726.

(g) Any sums appropriated or grants made pursuant to section 526 of the Social Security Act (as in effect prior to the enactment of this Act) shall be deemed to have been appropriated or made (as the case may be) under section 426 of the Social Security Act (as added by subsection (c) of this section).

42 USC 601-609.

(h) Each State plan approved under title IV of the Social Security Act as in effect on the day preceding the date of the enactment of this Act shall be deemed, without the necessity of any change in such plan, to have been conformed with the amendments made by subsections (a) and (b) of this section.

CONFORMING AMENDMENTS

42 USC 428.

SEC. 241. (a) Section 228(d)(1) of the Social Security Act is amended by striking out "IV," and by inserting after "XVI," the following: "or part A of title IV,".

42 USC 601.

(b) (1) The first sentence of section 401 of the Social Security Act is amended by striking out "title" and inserting in lieu thereof "part".

42 USC 603.

(2) The proviso in section 403(a)(3)(D) of such Act is amended by striking out "title" and inserting in lieu thereof "part".

42 USC 604.

(3) The last sentence of section 403(c)(2) of such Act is amended by striking out "title" and inserting in lieu thereof "part".

42 USC 606.

(4) Section 404(b) of such Act is amended by striking out "title" and inserting in lieu thereof "part".

(5) Section 406 of such Act is amended by striking out "title" in the matter preceding subsection (a) and inserting in lieu thereof "part".

- (c) (1) Section 1106(c) (1) of such Act is amended by striking out "IV," and by inserting after "XIX," the following: "or part A of title IV,". 42 USC 1306.
- (2) Section 1109 of such Act is amended by striking out "IV," and by inserting after "XIX" the following: ", or part A of title IV,". 42 USC 1309.
- (3) Section 1111 of such Act is amended by striking out "IV," and by inserting after "XVI," the following: "and part A of title IV,". 42 USC 1311.
- (4) Section 1115 of such Act is amended by striking out "IV," and by inserting after "XIX" the following: ", or part A of title IV,". 42 USC 1315.
- (5) Section 1116 of such Act is amended— 42 USC 1316.
- (A) by striking out "IV," in subsection (a) (1), and by inserting after "XIX," in such subsection the following: "or part A of title IV,"; and
- (B) by striking out "IV," in subsections (b) and (d), and by inserting after "XIX" in such subsections the following: ", or part A of title IV,".
- (6) Section 1117 of such Act is amended— 42 USC 1317.
- (A) by striking out "IV," in clause (A) of subsection (a) (2), and by inserting after "XIX" in such clause the following: ", and part A of title IV,";
- (B) by striking out "IV," each place it appears in subsection (b);
- (C) by inserting after "and XIX" in subsection (b) the following: ", and part A of title IV,";
- (D) by inserting after "or XIX" in subsection (b) the following: ", or part A of title IV,".
- (7) Section 1118 of such Act is amended by striking out "IV," and by inserting after "XVI," the following: "and part A of title IV,". 42 USC 1318.
- (d) Section 1602(a) (11) of such Act is amended by striking out "title IV, X, or XIV" and inserting in lieu thereof "part A of title IV or under title X or XIV". 42 USC 1382.
- (e) (1) Section 1843(b) (2) of such Act is amended by striking out "IV," and by inserting after "XVI" the following: ", and part A of title IV". 42 USC 1395v.
- (2) Section 1843(f) of such Act is amended—
- (A) by striking out "IV," in the first sentence, and by inserting after "XVI," the first place it appears in such sentence the following: "or part A of title IV,"; and
- (B) by striking out "IV," in the second sentence, and by inserting after "XVI" in such sentence the following: ", and part A of title IV".
- (f) (1) Section 1902(a) (10) of such Act is amended by striking out "IV," and by inserting after "XVI" the following: ", and part A of title IV". 42 USC 1396a.
- (2) Section 1902(a) (17) of such Act is amended by striking out "IV," and by inserting after "XVI" the following: ", or part A of title IV".
- (3) Section 1902(b) (2) of such Act is amended by striking out "title IV" and inserting in lieu thereof "part A of title IV".
- (4) Section 1902(c) of such Act is amended by striking out "IV," and by inserting after "XVI" the following: ", or part A of title IV".
- (5) Section 1903(a) (1) of such Act is amended by striking out "IV," and by inserting after "XVI," the following: "or part A of title IV,". 42 USC 1396b.
- (6) Section 1905(a) (ii) of such Act is amended by striking out "title IV" and inserting in lieu thereof "part A of title IV". 42 USC 1396d.

PART 4—MISCELLANEOUS AND TECHNICAL AMENDMENTS

PARTIAL PAYMENTS TO STATES

SEC. 245. Sections 4, 404(a), 1004, and 1404 of the Social Security Act are each amended—

49 Stat. 622,
623, 646;
64 Stat. 557.
4 42 USC 304, 604,
1204, 1354.

(1) by striking out "further payments will not be made to the State" and inserting in lieu thereof "further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure)"; and

(2) by striking out the last sentence and inserting in lieu thereof the following: "Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure)."

CONTRACTS FOR COOPERATIVE RESEARCH OR DEMONSTRATION PROJECTS

SEC. 246. Section 1110(a) (2) of the Social Security Act is amended by striking out "nonprofit".

70 Stat. 851.
42 USC 1310.

PERMANENT AUTHORITY TO SUPPORT DEMONSTRATION PROJECTS

SEC. 247. Section 1115 of the Social Security Act is amended—

76 Stat. 192.
42 USC 1315.

(1) by striking out "\$2,000,000" and inserting in lieu thereof "\$4,000,000"; and

(2) by striking out "ending prior to July 1, 1968" and inserting in lieu thereof "beginning after June 30, 1967".

Ante, p. 94.

SPECIAL PROVISIONS RELATING TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 248. (a) (1) Section 1108 of the Social Security Act is amended to read as follows:

76 Stat. 206.
42 USC 1308.

"LIMITATION ON PAYMENTS TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

"SEC. 1108. (a) The total amount certified by the Secretary of Health, Education, and Welfare under title I, X, XIV, and XVI, and under part A of title IV (exclusive of any amounts on account of services and items to which subsection (b) applies)—

42 USC 301,
1201, 1351,
1381;
Ante, p. 911.

"(1) for payment to Puerto Rico shall not exceed—

"(A) \$12,500,000 with respect to the fiscal year 1968,

"(B) \$15,000,000 with respect to the fiscal year 1969,

"(C) \$18,000,000 with respect to the fiscal year 1970,

"(D) \$21,000,000 with respect to the fiscal year 1971, or

"(E) \$24,000,000 with respect to the fiscal year 1972 and each fiscal year thereafter;

"(2) for payment to the Virgin Islands shall not exceed—

"(A) \$425,000 with respect to the fiscal year 1968,

"(B) \$500,000 with respect to the fiscal year 1969,

"(C) \$600,000 with respect to the fiscal year 1970,

"(D) \$700,000 with respect to the fiscal year 1971, or

"(E) \$800,000 with respect to the fiscal year 1972 and each fiscal year thereafter; and

"(3) for payment to Guam shall not exceed—

"(A) \$575,000 with respect to the fiscal year 1968,

"(B) \$690,000 with respect to the fiscal year 1969,

"(C) \$825,000 with respect to the fiscal year 1970,

"(D) \$960,000 with respect to the fiscal year 1971, or

"(E) \$1,100,000 with respect to the fiscal year 1972 and each fiscal year thereafter.

"(b) The total amount certified by the Secretary under part A of title IV, on account of family planning services and services provided under section 402(a) (19) with respect to any fiscal year—

42 USC 601-609.

Ante, p. 911.

Ante, p. 890.

"(1) for payment to Puerto Rico shall not exceed \$2,000,000,

"(2) for payment to the Virgin Islands shall not exceed \$65,000, and

"(3) for payment to Guam shall not exceed \$90,000.

"(c) The total amount certified by the Secretary under title XIX with respect to any fiscal year—

42 USC 1396-

1396d.

Ante, pp. 903-

908.

"(1) for payment to Puerto Rico shall not exceed \$20,000,000,

"(2) for payment to the Virgin Islands shall not exceed \$650,000, and

"(3) for payment to Guam shall not exceed \$900,000.

"(d) Notwithstanding the provisions of sections 502(a) and 512(a) of this Act, and the provisions of sections 421, 503(1), and 504(1) of this Act as amended by the Social Security Amendments of 1967, and until such time as the Congress may by appropriation or other law otherwise provide, the Secretary shall, in lieu of the initial allotment specified in such sections, allot such smaller amounts to Guam as he may deem appropriate."

42 USC 702,

712.

Ante, p. 912.

Post, p. 922.

(2) The amendment made by paragraph (1) shall apply with respect to fiscal years beginning after June 30, 1967.

(b) Notwithstanding subparagraphs (A) and (B) of section 403 (a) (3) of such Act (as amended by this Act), the rate specified in such subparagraphs in the case of Puerto Rico, the Virgin Islands, and Guam shall be 60 per centum (rather than 75 or 85 per centum).

Ante, p. 879.

(c) Effective July 1, 1969, neither the provisions of clauses (A) through (C) of section 402(a) (7) of such Act as in effect before the enactment of this Act nor the provisions of section 402(a) (8) of such Act as amended by section 202(b) of this Act shall apply in the case of Puerto Rico, the Virgin Islands, or Guam. Effective no later than July 1, 1972, the State plans of Puerto Rico, the Virgin Islands, and Guam approved under section 402 of such Act shall provide for the disregarding of income in making the determination under section 402(a) (7) of such Act in amounts (agreed to between the Secretary and the State agencies involved) sufficiently lower than the amounts specified in section 402(a) (8) of such Act to reflect appropriately the applicable differences in income levels.

42 USC 602.

Ante, p. 881.

(d) The amendment made by section 220(a) of this Act shall not apply in the case of Puerto Rico, the Virgin Islands, or Guam.

Ante, p. 898.

(e) Effective with respect to quarters after 1967, section 1905(b) of such Act is amended by striking out "55 per centum" and inserting in lieu thereof "50 per centum".

79 Stat. 352.

42 USC 1396d.

APPROVAL OF CERTAIN PROJECTS

SEC. 249. Title XI of the Social Security Act is amended by adding at the end thereof (after the new section added by section 209 of this Act) the following new section:

Ante, p. 894.

"APPROVAL OF CERTAIN PROJECTS

"SEC. 1120. (a) No payment shall be made under this Act with respect to any experimental, pilot, demonstration, or other project all or any part of which is wholly financed with Federal funds made available under this Act (without any State, local, or other non-Federal

financial participation) unless such project shall have been personally approved by the Secretary or Under Secretary of Health, Education, and Welfare.

"(b) As soon as possible after the approval of any project under subsection (a), the Secretary shall submit to the Congress a description of such project including a statement of its purpose, probable cost, and expected duration."

ASSISTANCE IN THE FORM OF INSTITUTIONAL SERVICES IN INTERMEDIATE CARE FACILITIES

Ante, pp. 894,
919.

SEC. 250. (a) Title XI of the Social Security Act (as amended by sections 209 and 249 of this Act) is further amended by adding at the end thereof the following new section:

"ASSISTANCE IN THE FORM OF INSTITUTIONAL SERVICES IN INTERMEDIATE CARE FACILITIES

42 USC 301.
42 USC 1201.
42 USC 1351.
42 USC 1381.

"SEC. 1121. (a) Any State which has in effect a plan for old-age assistance, approved under title I, a plan for aid to the blind, approved under title X, a plan for aid to the permanently and totally disabled, approved under title XIV, or a plan for aid to the aged, blind, or disabled, approved under title XVI, may, on or after January 1, 1968, modify such plan to include therein benefits in the form of institutional services in intermediate care facilities for individuals who are entitled (or would, if not receiving institutional services in intermediate care facilities, be entitled) to assistance, under such plan, in the form of money payments.

"(b) Any modification pursuant to subsection (a) shall provide that benefits in the form of institutional services in intermediate care facilities will be provided only to individuals who—

"(1) are entitled (or would, if not receiving institutional services in intermediate care facilities, be entitled) to receive aid or assistance, under the State plan, in the form of money payments;

"(2) because of their physical or mental condition (or both), require living accommodations and care which, as a practical matter, can be made available to them only through institutional facilities; and

"(3) do not have such an illness, disease, injury, or other condition as to require the degree of care and treatment which a hospital or skilled nursing home (as that term is employed in title XIX) is designed to provide.

42 USC 1396.
Ante, pp. 903-
908.

"(c) Payments to any State which modifies its approved State plan (referred to in subsection (a)) to provide, to the recipients of aid or assistance thereunder, benefits in the form of institutional services in intermediate care facilities shall be made in the same manner and from the same appropriation as payments made with respect to expenditures under the State plan so modified, except that, with respect to expenditures made by the State in paying the cost of benefits in the form of institutional services in intermediate care facilities for any quarter, the Secretary shall, if the State so elects, pay to each State an amount equal to the Federal medical assistance percentage (as defined in section 1905(b)).

42 USC 1396d.
Ante, p. 919.

"(d) Except when inconsistent with the purposes of this section or contrary to any provision of this section, any modification, pursuant to this section, of an approved State plan shall be subject to the same conditions, limitations, rights, and obligations as obtain with respect to such approved State plan.

"(e) For purposes of this section, the term 'intermediate care facility' means an institution or distinct part thereof which (1) is licensed, under State law, to provide the patients or residents thereof, on a regular basis, the range or level of care and services which is suitable to the needs of individuals described in subsection (b) (2) and (3), but which does not provide the degree of care required to be provided by a skilled nursing home furnishing services under a State plan approved under title XIX, and (2) meets such standards of safety and sanitation as are applicable to nursing homes under State law; except that in no case shall such term include an institution which does not regularly provide a level of care and service beyond room and board. The term 'intermediate care facility' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State."

"Intermediate
care facility."

42 USC 1396-
1396d.
Ante, pp. 903-
908.

TITLE III—IMPROVEMENT OF CHILD HEALTH

CONSOLIDATION OF SEPARATE PROGRAMS UNDER TITLE V OF THE SOCIAL SECURITY ACT

SEC. 301. Effective with respect to fiscal years beginning after June 30, 1968, title V of the Social Security Act (as otherwise amended by this Act) is amended to read as follows:

49 Stat. 629.
42 USC 701-731.
Ante, p. 915.
Post, p. 929.

"TITLE V—MATERNAL AND CHILD HEALTH AND CRIPPLED CHILDREN'S SERVICES

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 501. For the purpose of enabling each State to extend and improve (especially in rural areas and in areas suffering from severe economic distress), as far as practicable under the conditions in such State,

"(1) services for reducing infant mortality and otherwise promoting the health of mothers and children; and

"(2) services for locating, and for medical, surgical, corrective, and other services and care for and facilities for diagnosis, hospitalization, and aftercare for, children who are crippled or who are suffering from conditions leading to crippling,

there are authorized to be appropriated \$250,000,000 for the fiscal year ending June 30, 1969, \$275,000,000 for the fiscal year ending June 30, 1970, \$300,000,000 for the fiscal year ending June 30, 1971, \$325,000,000 for the fiscal year ending June 30, 1972, and \$350,000,000 for the fiscal year ending June 30, 1973, and each fiscal year thereafter.

"PURPOSES FOR WHICH FUNDS ARE AVAILABLE

"SEC. 502. Appropriations pursuant to section 501 shall be available for the following purposes in the following proportions:

"(1) In the case of the fiscal year ending June 30, 1969, and each of the next 3 fiscal years, (A) 50 percent of the appropriation for such year shall be for allotments pursuant to sections 503 and 504; (B) 40 percent thereof shall be for grants pursuant to sections 508, 509, and 510; and (C) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

"(2) In the case of the fiscal year ending June 30, 1973, and each fiscal year thereafter, (A) 90 percent of the appropriation for such years shall be for allotments pursuant to sections 503 and

504; and (B) 10 percent thereof shall be for grants, contracts, or other arrangements pursuant to sections 511 and 512.

Not to exceed 5 percent of the appropriation for any fiscal year under this section shall be transferred, at the request of the Secretary, from one of the purposes specified in paragraph (1) or (2) to another purpose or purposes so specified. For each fiscal year, the Secretary shall determine the portion of the appropriation, within the percentage determined above to be available for sections 503 and 504, which shall be available for allotment pursuant to section 503 and the portion thereof which shall be available for allotment pursuant to section 504. Notwithstanding the preceding provisions of this section, of the amount appropriated for any fiscal year pursuant to section 501, not less than 6 percent of the amount appropriated shall be available for family planning services from allotments under section 503 and for family planning services under projects under sections 508 and 512.

“ALLOTMENTS TO STATES FOR MATERNAL AND CHILD HEALTH SERVICES

“SEC. 503. The amount determined to be available pursuant to section 502 for allotments under this section shall be allotted for payments for maternal and child health services as follows:

“(1) One-half of such amount shall be allotted by allotting to each State \$70,000 plus such part of the remainder of such one-half as he finds that the number of live births in such State bore to the total number of live births in the United States in the latest calendar year for which he has statistics.

“(2) The remaining one-half of such amount shall (in addition to the allotments under paragraph (1)) be allotted to the States from time to time according to the financial need of each State for assistance in carrying out its State plan, as determined by the Secretary after taking into consideration the number of live births in such State, except that not more than 25 percent of such one-half shall be available for grants to State agencies (administering or supervising the administration of a State plan approved under section 505), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of maternal and child health.

“ALLOTMENTS TO STATES FOR CRIPPLED CHILDREN'S SERVICES

“SEC. 504. The amount determined to be available pursuant to section 502 for allotments under this section shall be allotted for payments for crippled children's services as follows:

“(1) One-half of such amount shall be allotted by allotting to each State \$70,000 and allotting the remainder of such one-half according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in paragraph (2) of section 501 and the cost of furnishing such services to them.

“(2) The remaining one-half of such amount shall (in addition to the allotments under paragraph (1)) be allotted to the States from time to time according to the financial need of each State for assistance in carrying out its State plan, as determined by the Secretary after taking into consideration the number of crippled children in each State in need of the services referred to in paragraph (2) of section 501 and the cost of furnishing such services to them; except that not more than 25 percent of such one-half shall be available for grants to State agencies (administering or supervising the administration of a State plan ap-

proved under section 505), and to public or other nonprofit institutions of higher learning (situated in any State), for special projects of regional or national significance which may contribute to the advancement of services for crippled children.

“APPROVAL OF STATE PLANS

“SEC. 505. (a) In order to be entitled to payments from allotments under section 502, a State must have a State plan for maternal and child health services and services for crippled children which—

“(1) provides for financial participation by the State;

“(2) provides for the administration of the plan by the State health agency or the supervision of the administration of the plan by the State health agency; except that in the case of those States which on July 1, 1967, provided for administration (or supervision thereof) of the State plan approved under section 513 (as in effect on such date) by a State agency other than the State health agency, the plan of such State may be approved under this section if it would meet the requirements of this subsection except for provision of administration (or supervision thereof) by such other agency for the portion of the plan relating to services for crippled children, and, in each such case, the portion of such plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title;

42 USC 713.

“(3) provides such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are necessary for the proper and efficient operation of the plan;

Post, p. 929.

“(4) provides that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

“(5) provides for cooperation with medical, health, nursing, educational, and welfare groups and organizations and, with respect to the portion of the plan relating to services for crippled children, with any agency in such State charged with administering State laws providing for vocational rehabilitation of physically handicapped children;

“(6) provides for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;

“(7) provides, with respect to the portion of the plan relating to services for crippled children, for early identification of children in need of health care and services, and for health care and treatment needed to correct or ameliorate defects or chronic conditions discovered thereby, through provision of such periodic screening and diagnostic services, and such treatment, care and other measures to correct or ameliorate defects or chronic conditions, as may be provided in regulations of the Secretary;

“(8) effective July 1, 1972, provides a program (carried out directly or through grants or contracts) of projects described in section 508 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily

helping to reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with child bearing and of satisfactorily helping to reduce infant and maternal mortality;

"(9) effective July 1, 1972, provides a program (carried out directly or through grants or contracts) of projects described in section 509 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily promoting the health of children and youth of school or preschool age;

"(10) effective July 1, 1972, provides a program (carried out directly or through grants or contracts) of projects described in section 510 which offers reasonable assurance, particularly in areas with concentrations of low-income families, of satisfactorily promoting the dental health of children and youth of school or preschool age;

"(11) provides for carrying out the purposes specified in section 501;

"(12) provides for the development of demonstration services (with special attention to dental care for children and family planning services for mothers) in needy areas and among groups in special need,

"(13) provides that, where payment is authorized under the plan for services which an optometrist is licensed to perform, the individual for whom such payment is authorized may, to the extent practicable, obtain such services from an optometrist licensed to perform such services except where such services are rendered in a clinic, or another appropriate institution, which does not have an arrangement with optometrists so licensed; and

"(14) provides that acceptance of family planning services provided under the plan shall be voluntary on the part of the individual to whom such services are offered and shall not be a prerequisite to eligibility for or the receipt of any service under the plan.

"(b) The Secretary shall approve any plan which meets the requirements of subsection (a).

"PAYMENTS

"SEC. 506. (a) From the sums appropriated therefor and the allotments available under section 503(1) or 504(1), as the case may be, the Secretary shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing July 1, 1968, an amount, which shall be used exclusively for carrying out the State plan, equal to one-half of the total sum expended during such quarter for carrying out such plan with respect to maternal and child health services and services for crippled children, respectively.

"(b) (1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsection (a) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

"(2) The Secretary shall then pay to the State, in such installments as he may determine, the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

"(3) Upon the making of an estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

"(c) The Secretary shall also from time to time make payments to the States from their respective allotments pursuant to section 503(2) or 504(2). Payments of grants under sections 503(2), 504(2), 508, 509, 510, and 511, and of grants, contracts, or other arrangements under section 512, may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the section involved.

"(d) The total amount determined under subsections (a) and (b) and the first sentence of subsection (c) for any fiscal year ending after June 30, 1968, shall be reduced by the amount by which the sum expended (as determined by the Secretary) from non-Federal sources for maternal and child health services and services for crippled children for such year is less than the sum expended from such sources for such services for the fiscal year ending June 30, 1968. In the case of any such reduction, the Secretary shall determine the portion thereof which shall be applied, and the manner of applying such reduction, to the amounts otherwise payable from allotments under section 503 or section 504.

"(e) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder from the allotments under section 503 or section 504 for any period after June 30, 1968, unless the State makes a satisfactory showing that it is extending the provision of services, including services for dental care for children and family planning for mothers, to which such State's plan applies in the State with a view to making such services available by July 1, 1975, to children and mothers in all parts of the State.

"OPERATION OF STATE PLANS

"SEC. 507. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

"(1) that the plan has been so changed that it no longer complies with the provisions of section 505; or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure), until the Secretary is satisfied that there will no longer be any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"SPECIAL PROJECT GRANTS FOR MATERNITY AND INFANT CARE

"SEC. 508. (a) In order to help reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing and to help reduce infant and maternal mortality, the Secretary is authorized to make, from the sums available under clause (B) of paragraph (1) of section 502, grants to the State health agency of any State and, with the consent of such agency, to the health agency of any political subdivision of the State, and to any other public or nonprofit private agency, institution, or organization, to pay not to exceed 75 percent of the cost (exclusive of general agency overhead) of any project for the provision of—

"(1) necessary health care to prospective mothers (including, after childbirth, health care to mothers and their infants) who have or are likely to have conditions associated with childbearing or are in circumstances which increase the hazards to the health of the mothers or their infants (including those which may cause physical or mental defects in the infants), or

"(2) necessary health care to infants during their first year of life who have any condition or are in circumstances which increase the hazards to their health, or

"(3) family planning services,

but only if the State or local agency determines that the recipient will not otherwise receive such necessary health care or services because he is from a low-income family or for other reasons beyond his control. Acceptance of family planning services provided under a project under this section (and section 512) shall be voluntary on the part of the individual to whom such services are offered and shall not be a prerequisite to the eligibility for or the receipt of any service under such project.

"(b) No grant may be made under this section for any project for any period after June 30, 1972.

"SPECIAL PROJECT GRANTS FOR HEALTH OF SCHOOL AND PRESCHOOL CHILDREN

"SEC. 509. (a) In order to promote the health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, the Secretary is authorized to make, from the sums available under clause (B) of paragraph (1) of section 502, grants to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, to the State agency of the State administering or supervising the administration of the State plan approved under section 505, to any school of medicine (with appropriate participation by a school of dentistry), and to any teaching hospital affiliated with such a school, to pay not to exceed 75 percent of the cost of projects of a comprehensive nature for health care and services for children and youth of school age or for preschool children (to help them prepare to start school). No project shall be eligible for a grant under this section unless it provides (1) for the coordination of health care and services provided under it with, and utilization (to the extent feasible) of, other State or local health, welfare, and education programs for such children, (2) for payment of the reasonable cost (as determined in accordance with standards approved by the Secretary) of inpatient hospital services provided under the

project, and (3) that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control; and no such project for children and youth of school age shall be considered to be of a comprehensive nature for purposes of this section unless it includes (subject to the limitation in the preceding provisions of this sentence) at least such screening, diagnosis, preventive services, treatment, correction of defects, and aftercare, both medical and dental, as may be provided for in regulations of the Secretary.

“(b) No grant may be made under this section for any project for any period after June 30, 1972.

“SPECIAL PROJECT GRANTS FOR DENTAL HEALTH OF CHILDREN

“SEC. 510. (a) In order to promote the dental health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families, the Secretary is authorized to make grants, from the sums available under clause (B) of paragraph (1) of section 502, to the State health agency of any State and (with the consent of such agency) to the health agency of any political subdivision of the State, and to any other public or nonprofit private agency, institution, or organization, to pay not to exceed 75 percent of the cost of projects of a comprehensive nature for dental care and services for children and youth of school age or for preschool children. No project shall be eligible for a grant under this section unless it provides that any treatment, correction of defects, or aftercare provided under the project is available only to children who would not otherwise receive it because they are from low-income families or for other reasons beyond their control, and unless it includes (subject to the limitation of the foregoing provisions of this sentence) at least such preventive services, treatment, correction of defects, and after care, for such age groups, as may be provided in regulations of the Secretary. Such projects may also include research looking toward the development of new methods of diagnosis or treatment, or demonstration of the utilization of dental personnel with various levels of training.

“(b) No grant may be made under this section for any project for any period after June 30, 1972.

“TRAINING OF PERSONNEL

“SEC. 511. From the sums available under clause (C) of paragraph (1) or clause (B) of paragraph (2) of section 502, the Secretary is authorized to make grants to public or nonprofit private institutions of higher learning for training personnel for health care and related services for mothers and children, particularly mentally retarded children and children with multiple handicaps. In making such grants, the Secretary shall give special attention to programs providing training at the undergraduate level.

“RESEARCH PROJECTS RELATING TO MATERNAL AND CHILD HEALTH SERVICES AND CRIPPLED CHILDREN'S SERVICES

“SEC. 512. From the sums available under clause (C) of paragraph (1) or clause (B) of paragraph (2) of section 502, the Secretary is authorized to make grants to or jointly financed cooperative arrange-

ments with public or other nonprofit institutions of higher learning, and public or nonprofit private agencies and organizations engaged in research or in maternal and child health or crippled children's programs, and contracts with public or nonprofit private agencies and organizations engaged in research or in such programs, for research projects relating to maternal and child health services or crippled children's services which show promise of substantial contribution to the advancement thereof. Effective with respect to grants made and arrangements entered into after June 30, 1968, (1) special emphasis shall be accorded to projects which will help in studying the need for, and the feasibility, costs, and effectiveness of, comprehensive health care programs in which maximum use is made of health personnel with varying levels of training, and in studying methods of training for such programs, and (2) grants under this section may also include funds for the training of health personnel for work in such projects.

"ADMINISTRATION

"SEC. 513. (a) The Secretary of Health, Education, and Welfare shall make such studies and investigations as will promote the efficient administration of this title.

"(b) Such portion of the appropriations for grants under section 501 as the Secretary may determine, but not exceeding one-half of 1 percent thereof, shall be available for evaluation by the Secretary (directly or by grants or contracts) of the programs for which such appropriations are made and, in the case of allotments from any such appropriation, the amount available for allotments shall be reduced accordingly.

"(c) Any agency, institution, or organization shall, if and to the extent prescribed by the Secretary, as a condition to receipt of grants under this title, cooperate with the State agency administering or supervising the administration of the State plan approved under title XIX in the provision of care and services, available under a plan or project under this title, for children eligible therefor under such plan approved under title XIX.

42 USC 1396-
1396d.
Ante, pp. 903-
908.

"DEFINITION

"SEC. 514. For purposes of this title, a crippled child is an individual under the age of 21 who has an organic disease, defect, or condition which may hinder the achievement of normal growth and development.

"OBSERVANCE OF RELIGIOUS BELIEFS

"SEC. 515. Nothing in this title shall be construed to require any State which has any plan or program approved under, or receiving financial support under, this title to compel any person to undergo any medical screening, examination, diagnosis, or treatment or to accept any other health care or services provided under such plan or program for any purpose (other than for the purpose of discovering and preventing the spread of infection or contagious disease or for the purpose of protecting environmental health), if such person objects (or, in case such person is a child, his parent or guardian objects) thereto on religious grounds."

CONFORMING AMENDMENTS

SEC. 302. (a) Section 1905(a)(4) of the Social Security Act is amended by inserting "(A)" after "(4)", and by inserting before the semicolon at the end thereof the following: "(B) effective July 1, 1969, such early and periodic screening and diagnosis of individuals who are eligible under the plan and are under the age of 21 to ascertain their physical or mental defects, and such health care, treatment, and other measures to correct or ameliorate defects and chronic conditions discovered thereby, as may be provided in regulations of the Secretary".

79 Stat. 351.
42 USC 1396d.

(b) Section 1902(a)(11) of such Act is amended by inserting "(A)" after "(11)", and by inserting before the semicolon at the end thereof the following: ", and (B) effective July 1, 1969, provide, to the extent prescribed by the Secretary, for entering into agreements, with any agency, institution, or organization receiving payments for part or all of the cost of plans or projects under title V, (i) providing for utilizing such agency, institution, or organization in furnishing care and services which are available under such plan or project under title V and which are included in the State plan approved under this section and (ii) making such provision as may be appropriate for reimbursing such agency, institution, or organization for the cost of any such care and services furnished any individual for which payment would otherwise be made to the State with respect to him under section 1903".

42 USC 1396a.

Ante, p. 921.

42 USC 1396b.

1968 AUTHORIZATION FOR MATERNITY AND INFANT CARE PROJECTS

SEC. 303. Section 531(a) of the Social Security Act is amended by striking out "and \$30,000,000 for each of the next three fiscal years" and inserting in lieu thereof "\$30,000,000 for each of the next 2 fiscal years, and \$35,000,000 for the fiscal year ending June 30, 1968".

77 Stat. 274.
42 USC 729.

USE OF SUBPROFESSIONAL STAFF AND VOLUNTEERS

SEC. 304. (a) Section 505(a)(3) of the Social Security Act (as added by section 301 of this Act) is amended by—

(1) striking out "provides" and inserting in lieu thereof "provides (A)";

(2) adding at the end before the semicolon the following: "and (B) provides for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of unpaid or partially paid volunteers in providing services and in assisting any advisory committees established by the State agency".

(b) The amendment made by this section shall become effective July 1, 1969, or, if earlier (with respect to a State) on the date as of which the modification of the State plan to comply with such amendment is approved.

EXTENSION OF DUE DATE FOR CHILD MENTAL HEALTH REPORT

SEC. 305. Section 231(d) of the Social Security Amendments of 1965 (Public Law 89-97) is amended by striking out the word "two" and inserting in lieu thereof "three".

79 Stat. 360.
42 USC 242b
note.

SHORT TITLE

Citation of
title.

SEC. 306. This title may be cited as the "Child Health Act of 1967".

TITLE IV—GENERAL PROVISIONS

SOCIAL WORK MANPOWER AND TRAINING

49 Stat. 635;
79 Stat. 339.
42 USC 901-907.

SEC. 401. Title VII of the Social Security Act is amended by adding at the end thereof the following new section:

"GRANTS FOR EXPANSION AND DEVELOPMENT OF UNDERGRADUATE
AND GRADUATE PROGRAMS

"SEC. 707. (a) There is authorized to be appropriated \$5,000,000 for the fiscal year ending June 30, 1969, and \$5,000,000 for each of the three succeeding fiscal years, for grants by the Secretary to public or nonprofit private colleges and universities and to accredited graduate schools of social work or an association of such schools to meet part of the costs of development, expansion, or improvement of (respectively) undergraduate programs in social work and programs for the graduate training of professional social work personnel, including the costs of compensation of additional faculty and administrative personnel and minor improvements of existing facilities. Not less than one-half of the sums appropriated for any fiscal year under the authority of this subsection shall be used by the Secretary for grants with respect to undergraduate programs.

"(b) In considering applications for grants under this section, the Secretary shall take into account the relative need in the States for personnel trained in social work and the effect of the grants thereon.

"(c) Payment of grants under this section may be made (after necessary adjustments on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and on such terms and conditions and in such installments, as the Secretary may determine.

"(d) For purposes of this section—

"Graduate
school of
social work."

"(1) the term 'graduate school of social work' means a department, school, division, or other administrative unit, in a public or nonprofit private college or university, which provides, primarily or exclusively, a program of education in social work and allied subjects leading to a graduate degree in social work;

"Accredited."

"(2) the term 'accredited' as applied to a graduate school of social work refers to a school which is accredited by a body or bodies approved for the purpose by the Commissioner of Education or with respect to which there is evidence satisfactory to the Secretary that it will be so accredited within a reasonable time; and

"Nonprofit."

"(3) the term 'nonprofit' as applied to any college or university refers to a college or university which is a corporation or association, or is owned and operated by one or more corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual."

INCENTIVES FOR ECONOMY WHILE MAINTAINING OR IMPROVING QUALITY
IN THE PROVISION OF HEALTH SERVICES

SEC. 402. (a) The Secretary of Health, Education, and Welfare is authorized to develop and engage in experiments under which physicians who would otherwise be entitled to receive payment on the basis of reasonable charge, and organizations and institutions which would otherwise be entitled to reimbursement or payment on the basis of reasonable cost, for services provided—

81 STAT. 930

81 STAT. 931

(1) under title XVIII of the Social Security Act,

42 USC 1395.

(2) under a State plan approved under title XIX of such Act, or

42 USC 1396.

(3) under a plan developed under title V of such Act, and which are selected by the Secretary in accordance with regulations established by the Secretary, would be reimbursed or paid in any manner mutually agreed upon by the Secretary and the physician, organization, or institution. The method of payment (in the case of physicians) or reimbursement (in the case of an organization or institution) which may be applied in such experiments shall be such as the Secretary may select and may be based on charges or costs adjusted by incentive factors and may include specific incentive payments or reductions of payments for the performance of specific actions but in any case shall be such as he determines may, through experiment, be demonstrated to have the effect of increasing the efficiency and economy of health services through the creation of additional incentives to these ends without adversely affecting the quality of such services.

Ante, pp. 903-

908.

Ante, p. 921.

(b) In the case of any experiment under subsection (a), the Secretary may waive compliance with the requirements of titles XVIII, XIX, and V of the Social Security Act insofar as such requirements relate to reimbursement or payment on the basis of reasonable cost, or (in the case of physicians) on the basis of reasonable charge; and costs incurred in such experiment in excess of the costs which would otherwise be reimbursed or paid under such titles may be reimbursed or paid to the extent that such waiver applies to them (with such excess being borne by the Secretary). No experiment shall be engaged in or developed under subsection (a) until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed experiment as to the soundness of its objectives, the possibilities of securing productive results, the adequacy of resources to conduct the proposed experiment, and its relationship to other similar experiments already completed or in process.

(c) Section 1875(b) of the Social Security Act is amended by inserting after "under parts A and B" the following: "(including the experimentation authorized by section 402 of the Social Security Amendments of 1967)".

79 Stat. 332.

42 USC 139511.

CHANGES TO REFLECT CODIFICATION OF TITLE 5, UNITED STATES CODE

SEC. 403. (a) (1) Section 210(a)(6)(C)(iv) of the Social Security Act is amended by striking out "under section 2 of the Act of August 4, 1947" and inserting in lieu thereof "under section 5351(2) of title 5, United States Code", and by striking out "; 5 U.S.C., sec. 1052".

42 USC 410.

(2) Section 210(a)(6)(C)(vi) of such Act is amended by striking out "the Civil Service Retirement Act" and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code,".

- 42 USC 410. (3) Section 210(a) (7) (D) (ii) of such Act is amended by striking out "under section 2 of the Act of August 4, 1947" and inserting in lieu thereof "under section 5351(2) of title 5, United States Code", and by striking out "; 5 U.S.C. 1052".
- 42 USC 415. (b) Section 215(h) (1) of such Act is amended—
 (1) by striking out "of the Civil Service Retirement Act," and inserting in lieu thereof "of subchapter III of chapter 83 of title 5, United States Code,"; and
 (2) by striking out "under the Civil Service Retirement Act" and inserting in lieu thereof "under subchapter III of chapter 83 of title 5, United States Code,".
- 81 STAT. 931
 81 STAT. 932 (c) (1) Section 217(f) (1) of such Act is amended—
 (A) by striking out "the Civil Service Retirement Act of May 29, 1930, as amended," and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code,"; and
 (B) by striking out "such Act of May 29, 1930, as amended," and inserting in lieu thereof "such subchapter III".
 (2) Section 217(f) (2) of such Act is amended by striking out "the Civil Service Retirement Act of May 29, 1930, as amended," and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code,".
- 42 USC 417. (d) (1) Section 706(b) of such Act is amended by striking out "the civil service laws" and inserting in lieu thereof "the provisions of title 5, United States Code, governing appointments in the competitive service".
 (2) Section 706(c) (2) of such Act is amended by striking out "section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2)" and inserting in lieu thereof "section 5703 of title 5, United States Code,".
- 42 USC 907. (e) (1) Section 1114(b) of such Act is amended by striking out "the civil-service laws" and inserting in lieu thereof "the provisions of title 5, United States Code, governing appointments in the competitive service".
 (2) Section 1114(f) of such Act is amended by striking out "the civil-service laws" and inserting in lieu thereof "the provisions of title 5, United States Code, governing appointments in the competitive service".
 (3) Section 1114(g) of such Act is amended by striking out "section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2)" and inserting in lieu thereof "section 5703 of title 5, United States Code,".
- 42 USC 1314. (f) (1) Section 1501(a) (6) of such Act is amended by striking out "the Civil Service Retirement Act of 1930" and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code,".
 (2) Section 1501(a) (9) of such Act is amended by striking out "under section 2 of the Act of August 4, 1947" and inserting in lieu thereof "under section 5351(2) of title 5, United States Code", and by striking out "; 5 U.S.C., sec. 1052".
- 42 USC 1361. (g) (1) Section 1840(e) (1) of such Act is amended by striking out "the Civil Service Retirement Act, or other Act" and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code, or any other law".
 (2) Section 1840(e) (2) of such Act is amended by striking out "such other Act" and inserting in lieu thereof "such other law".
- 42 USC 1395s. (h) Section 103(b) (3) of the Social Security Amendments of 1965 is amended—
- 79 Stat. 333.
 42 USC 426a.

(1) by striking out "the Federal Employees Health Benefits Act of 1959" in subparagraph (A) and inserting in lieu thereof "chapter 89 of title 5, United States Code"; and

(2) by striking out "such Act" in subparagraph (C) and inserting in lieu thereof "such chapter".

(i) (1) Section 3121(b) (6) (C) (iv) of the Internal Revenue Code of 1954 is amended by striking out "under section 2 of the Act of August 4, 1947" and inserting in lieu thereof "under section 5351 (2) of title 5, United States Code", and by striking out "; 5 U.S.C. sec. 1052". 68 Stat. 1092.
81 STAT. 932
81 STAT. 933

(2) Section 3121(b) (6) (C) (vi) of such Code is amended by striking out "the Civil Service Retirement Act" and inserting in lieu thereof "subchapter III of chapter 83 of title 5, United States Code". 70 Stat. 840.

(3) Section 3121(b) (7) (C) (ii) of such Code is amended by striking out "under section 2 of the Act of August 4, 1947" and inserting in lieu thereof "under section 5351 (2) of title 5, United States Code", and by striking out "; 5 U.S.C. 1052". 79 Stat. 389.

MEANING OF SECRETARY

SEC. 404. As used in the amendments made by this Act (unless the context otherwise requires), the term "Secretary" means the Secretary of Health, Education, and Welfare. "Secretary."

STUDY OF RETIREMENT TEST AND OF DRUG STANDARDS AND COVERAGE

SEC. 405. (a) The Secretary of Health, Education, and Welfare is authorized and directed to study (1) the existing retirement test and proposals for the modification of such test (including proposals for an increase in old-age insurance benefit amounts on account of delayed retirement), (2) quality and cost standards for drugs for which payments are made under the Social Security Act, and (3) the coverage of drugs under part B of title XVIII of such Act.

(b) On or before January 1, 1969, the Secretary shall transmit to the President and the Congress a report which shall contain his findings of fact and any conclusions or recommendations he may have. 42 USC 1305.
42 USC 1395j-
1395w.
Report to Pres-
ident and Con-
gress.

TITLE V—MISCELLANEOUS PROVISIONS

EXTENSION OF PERIOD FOR FILING APPLICATION FOR EXEMPTION BY MEMBERS OF RELIGIOUS GROUPS OPPOSED TO INSURANCE

SEC. 501. (a) Section 1402(h) (2) of the Internal Revenue Code of 1954 (relating to time for filing applications by members of certain religious faiths) is amended to read as follows:

"(2) TIME FOR FILING APPLICATION.—For purposes of this subsection, an application must be filed—

"(A) In the case of an individual who has self-employment income (determined without regard to this subsection and subsection (c) (6)) for any taxable year ending before December 31, 1967, on or before December 31, 1968, and 79 Stat. 391.

"(B) In any other case, on or before the time prescribed for filing the return (including any extension thereof) for the first taxable year ending on or after December 31, 1967, for which he has self-employment income (as so determined), except that an application filed after such date but on or before the last day of the third calendar month following the calendar month in which the taxpayer is first notified in 79 Stat. 390.

writing by the Secretary or his delegate that a timely application for an exemption from the tax imposed by this chapter has not been filed by him shall be deemed to be filed timely."

(b) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1950. For such purpose, chapter 2 of the Internal Revenue Code of 1954 shall be treated as applying to all taxable years beginning after such date.

(c) If refund or credit of any overpayment resulting from the enactment of this section is prevented on the date of the enactment of this Act or at any time on or before December 31, 1968, by the operation of any law or rule of law, refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor is filed on or before December 31, 1968. No interest shall be allowed or paid on any overpayment resulting from the enactment of this section.

68A Stat. 353;

70 Stat. 845.

26 USC 1401-

1403.

81 STAT. 933

81 STAT. 934

REFUND OF CERTAIN OVERPAYMENTS BY EMPLOYEES OF HOSPITAL
INSURANCE TAX

SEC. 502. (a) Section 6413(c) of the Internal Revenue Code of 1954 (relating to special refunds of overpayments of certain employment taxes) is amended by adding at the end thereof the following new paragraph:

68A Stat. 797.

"(3) APPLICABILITY WITH RESPECT TO COMPENSATION OF EMPLOYEES SUBJECT TO THE RAILROAD RETIREMENT TAX ACT.—In the case of any individual who, during any calendar year after 1967, receives wages from one or more employers and also receives compensation which is subject to the tax imposed by section 3201 or 3211, such compensation shall, solely for purposes of applying paragraph (1) with respect to the tax imposed by section 3101(b), be treated as wages received from an employer with respect to which the tax imposed by section 3101(b) was deducted."

73 Stat. 28, 29.

79 Stat. 395.

(b) (1) The second sentence of section 1402(b) of such Code (relating to definition of self-employment income) is amended (A) by inserting "(A)" immediately after "wages", and (B) by inserting immediately before the period the following: ", and (B) includes, but solely with respect to the tax imposed by section 1401(b), compensation which is subject to the tax imposed by section 3201 or 3211".

68A Stat. 555.

(2) The amendments made by paragraph (1) shall be effective only with respect to taxable years ending on or after December 31, 1968.

(c) (1) Section 6051(a) of the Internal Revenue Code of 1954 (relating to requirement of receipts for employees) is amended—

68A Stat. 747.

(A) by striking out "section 3101 or 3402" in the matter preceding paragraph (1) and inserting in lieu thereof "section 3101, 3201, or 3402";

(B) by striking out "and" at the end of paragraph (5), and by striking out the period at the end of paragraph (6) and inserting in lieu thereof ", and"; and

(C) by inserting after paragraph (6) the following new paragraphs:

"(7) the total amount of compensation with respect to which the tax imposed by section 3201 was deducted, and

"(8) the total amount deducted as tax under section 3201."

79 Stat. 337.

(2) Section 6051(c) of such Code (relating to additional requirements) is amended by striking out "section 3101" in the second sentence and inserting in lieu thereof "sections 3101 and 3201".

(3) The amendments made by paragraphs (1) and (2) shall apply in respect of remuneration paid after December 31, 1967.

EXTENSION OF TIME TO PROVIDE ASSISTANCE FOR UNITED STATES CITIZENS
RETURNED FROM FOREIGN COUNTRIES

SEC. 503. Section 1113(d) of the Social Security Act is amended by Ante, p. 94.
striking out "1968" and inserting in lieu thereof "1969".

EXCLUSION FROM DEFINITION OF WAGES OF CERTAIN RETIREMENT, ETC.,
PAYMENTS UNDER EMPLOYER-ESTABLISHED PLANS

SEC. 504. (a) Section 3121(a) of the Internal Revenue Code of 1954 (definition of wages) is amended by striking out "or" at the end of paragraph (11), by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:

68A Stat. 417;
79 Stat. 383.

"(13) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

81 STAT. 934
81 STAT. 935

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

(b) Section 3306(b) of such Code (definition of wages) is amended by striking out "or" at the end of paragraph (8), by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:

68A Stat. 447;
78 Stat. 1077.

"(10) any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(A) upon or after the termination of an employee's employment relationship because of (i) death, (ii) retirement for disability, or (iii) retirement after attaining an age specified in the plan referred to in subparagraph (B) or in a pension plan of the employer, and

"(B) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents),

other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

(c) Section 209 of the Social Security Act (definition of wages) is amended by striking out "or" at the end of subsection (k), by striking out the period at the end of subsection (l) and inserting in lieu thereof "; or", and by inserting after subsection (l) the following new subsection:

64 Stat. 492;
79 Stat. 382.
42 USC 409.

"(m) Any payment or series of payments by an employer to an employee or any of his dependents which is paid—

"(1) upon or after the termination of an employee's employment relationship because of (A) death, (B) retirement for disability, or (C) retirement after attaining an age specified in the plan referred to in paragraph (2) or in a pension plan of the employer, and

"(2) under a plan established by the employer which makes provision for his employees generally or a class or classes of his employees (or for such employees or class or classes of employees and their dependents), other than any such payment or series of payments which would have been paid if the employee's employment relationship had not been so terminated."

(d) The amendments made by this section shall apply with respect to remuneration paid after the date of the enactment of this Act.

Approved January 2, 1968.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 544 (Comm. on Ways and Means) and No. 1030 (Comm. of Conference).

SENATE REPORT No. 744 (Comm. on Finance).

CONGRESSIONAL RECORD, Vol. 113 (1967):

Aug. 16, 17: Considered and passed House.

Nov. 15-17, 20-22: Considered and passed Senate, amended.

Dec. 13: House agreed to conference report.

Dec. 13-15: Senate agreed to conference report.

January 2, 1968

THE WHITE HOUSE

SOCIAL SECURITY SIGNING
STATEMENT BY THE PRESIDENT

This coming year will mark one-third of a century since Social Security became the law of the land.

Because of Social Security, tens of millions of Americans have been able to stand straighter and taller -- unafraid of their future.

Social Security has become so important to our lives, it is hard to remember that when it was first proposed it was bitterly attacked--much as Medicare was attacked and condemned before it came into being two and one-half years ago.

Today, for the second time in thirty months, I am signing into law a measure that will further strengthen and broaden the Social Security System. Measured in dollars of insurance benefits, the bill enacted into law today is the greatest stride forward since Social Security was launched in 1935.

In March, 24 million Americans will receive increased benefits of at least 13%. In the years to come, as the 78 million American earners now covered by Social Security become eligible, they will gain even greater benefits.

-- For a retired couple, maximum benefits will rise from \$207 to \$234 and ultimately to \$323 per month.

-- Minimum benefits for an individual will be increased from \$44 to \$55 a month.

-- Outside earnings can total \$140 a month with no reduction in benefits.

-- 65,000 disabled widows and 175,000 children will receive benefits for the first time.

-- Medicare benefits are expanded to include additional days of hospitalization.

Combined, the Social Security amendments of 1965 and 1967 bring an average dollar increase of 23%. Medicare protection amounts on the average to an additional 12%. This makes total increases of 35% in the past thirty months.

When the benefit checks go out next March, one million more people will be lifted above the poverty line. This means that 9 million people will have risen above the poverty line since the beginning of 1964.

Social Security benefits are not limited to the poor. They go to widows, orphans, and the disabled who without them would be reduced to poverty. They relieve an awful burden from the young who would otherwise have to divert income from the education of their children to take care of their parents.

Franklin Roosevelt's vision of social insurance has stood the test of the changing times. I wish I could say the same for our nation's welfare system.

The welfare system today pleases no one. It is criticized by liberals and conservatives, by the poor and the wealthy, by social workers and politicians, by whites and by Negroes in every area of the nation.

My recommendations to the Congress this year sought to make basic changes in the system.

Some of these recommendations were adopted. They include a work incentive program, incentives for earning, day care for children, child and maternal health services and family planning services. I believe these changes will have a good effect.

Other of my recommendations were not adopted by the Congress. In their place, the Congress substituted certain severe restrictions.

I am directing Secretary Gardner to work with State governments so that compassionate safeguards are established to protect deserving mothers and needy children.

The welfare system in America is outmoded and in need of a major change.

I am announcing today the appointment of a Commission on Income Maintenance Programs to look into all aspects of existing welfare and related programs and to make just and equitable recommendations for constructive improvements, wherever needed and indicated. We must examine any and every plan, however unconventional, which could promise a constructive advance in meeting the income needs of all the American people.

That Commission of distinguished Americans will be chaired by Ben W. Heineman, Chairman of the Board, Chicago and Northwestern Railroads.

Its membership will include Messrs. Thomas J. Watson, Jr., Chairman of the Board, IBM Corporation, Donald C. Burnham, President, Westinghouse Electric Corp., James W. Aston, President, Republic National Bank, Dallas, Texas, Asa T. Spaulding, recently retired President North Carolina Mutual Life Company, Durham, North Carolina, Henry S. Rowen, President, Rand Corporation, Santa Monica, Calif., George E. Reedy, Jr., President, Struthers Research and Development Corporation, Washington, D.C., Anna Rosenberg Hoffman, Public and Industrial Relations Consultant, New York City, Julian Samora, Professor of Sociology, University of Notre Dame, Robert M. Solow, Professor of Economics, MIT, Edmund G. "Pat" Brown, partner, law firm Bell, Hunt, Hart and Brown and David Sullivan, General President, Building Service Employees International Union, New York.

Over the last third of a century in America we have proved that people who earn their living can make their lives better and more secure if they divert part of their incomes to protect themselves from the twists of fortune that face all men. Our challenge for the coming years is to see if we can extend that same human insurance and human dignity to persons who are not able to buy their own protection. Our challenge is to save children.

Financing Basis of Old-Age, Survivors, and Disability Insurance and Health Insurance Under the 1967 Amendments

by **ROBERT J. MYERS** and **FRANCISCO BAYO***

THE AMENDMENTS TO THE Social Security Act passed in 1967 (Public Law 90-248) made several changes in the old-age, survivors, disability, hospital, and supplementary medical insurance system.¹ Some of these changes affected significantly the actuarial status of the system. The principles used to determine the financing stability of the program were not altered, however. This article discusses the financial effect of these changes, as well as the actuarial status of the system after the amendments. The first part of the article deals with the cash benefits program, old-age, survivors, and disability insurance (OASDI); the second part pertains to hospital insurance (HI) and the third to supplementary medical insurance (SMI).

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

The cost aspects of any proposed changes in the OASDI program have always received careful study by Congress. In the 1950 amendments, Congress expressed its conviction that the program should be completely self-supporting from the contributions of covered individuals and employers, and it repealed the provision permitting appropriations to the system from the general revenue of the Treasury. In all major legislation since 1950, including the 1967 amendments, Congress has indicated the intent that the tax schedule make the program as self-supporting as possible and actuarially sound.

Actuarial soundness does not have precisely the same meaning for OASDI as for private insurance companies and, to some extent, for private

pension plans. With respect to individual insurance, the private insurance company to be actuarially sound must, in general, have sufficient funds on hand to pay off all accrued liabilities if operations are terminated. This is not a necessary basis for a national compulsory social insurance program, nor is it always necessary for a well-administered private pension plan.

The national program can be expected to continue indefinitely, and the test is whether the expected future income from taxes and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs. Though future experience may vary from the actuarial cost estimates, the intent that the program be self-supporting and actuarially sound can be expressed in law by a contribution schedule that, according to the intermediate-cost estimate, brings the program into approximate balance.

Following the recommendations of the 1963-64 Advisory Council on Social Security Financing, the long-range basis of the financing was changed from perpetuity to a 75-year period. Beginning with the year 1964, all estimates have been prepared on this 75-year basis.

ACTUARIAL BALANCE, 1950-67

The actuarial balance of the OASDI system is measured in relation to effective taxable payroll (referred to hereafter as "payroll"). "Payroll" means the total earnings of all covered workers, reduced to take into account both the maximum taxable earnings base and the fact that the contribution rate for the self-employed is lower than the combined employer-employee rate. In this way, the actuarial balance of the system is expressed as an equivalent combined employer-employee tax rate on earnings not in excess of the maximum taxable base and represents the

* Mr. Myers is the Chief Actuary of the Social Security Administration, and Mr. Bayo is the Deputy Chief Actuary.

¹ For a summary and legislative history of the 1967 amendments, see pages 3-19 of this issue.

differences between the benefit costs and the level contribution rate.

At the time the 1952 amendments were passed, it was believed that the 1950-52 rise in earnings levels would offset the higher cost resulting from the benefit liberalizations and that the actuarial balance would be the same as that estimated for the 1950 act (table 1). Cost estimates made in 1954 indicated, however, that the level-cost (the average long-range cost, based on discounting at interest, in relation to payroll) was somewhat more than 0.5 percent of payroll higher than the level-equivalent of the scheduled taxes, including allowance for interest on the existing trust fund. The actuarial insufficiency in the 1952 act was substantially reduced by the 1954 legislation, which provided for an increase in the contribution schedule that also met all the additional cost of the benefit changes.

The estimates for the 1954 act were revised in 1956 to take into account the rise in the earnings level since 1951 and 1952, the 2-year base period that had been used for the earnings assumption in the 1954 estimates. The lack of actuarial balance under the 1954 act was thus reduced to the point where, for all practical purposes, it was nonexistent. Since the benefit changes made by the 1956 amendments were fully financed by the increased contribution income provided, the program's actuarial balance was not affected.

In cost estimates made in early 1958, the program was found to be out of actuarial balance by somewhat more than 0.4 percent of payroll. The large number of retirements among the groups newly covered by the 1954 and 1956 legislation had resulted in higher benefit expenditures than those estimated, and the average retirement age had dropped significantly, probably in part because of the liberalizations of the retirement test. The 1958 amendments recognized this situation and provided additional financing, both to reduce the lack of actuarial balance and to finance certain benefit liberalizations.

As a basis for the revised cost estimates made in 1958 for the disability insurance program, certain modified assumptions that recognized the emerging experience were made. As a result, the moderate actuarial surplus originally estimated was increased somewhat; most of the increase was used in the 1958 amendments to finance certain benefit liberalizations.

TABLE 1.—Old-age, survivors, and disability insurance: Actuarial balance under various acts and for various estimates, intermediate-cost basis

[Percent]				
Legislation	Date of estimate	Level-equivalent ¹		
		Benefit costs ²	Contributions	Actuarial balance ³
		OASDI ⁴		
1950 act.....	1950	6.20	6.10	-0.10
1950 act.....	1952	5.49	5.90	+ .41
1952 act.....	1952	6.00	5.90	- .10
1952 act.....	1954	6.62	6.05	- .57
1954 act.....	1954	7.50	7.12	- .38
1954 act.....	1956	7.45	7.29	- .16
1956 act.....	1956	7.85	7.72	- .13
1956 act.....	1958	8.25	7.83	- .42
1958 act.....	1958	8.76	8.52	- .24
1958 act.....	1960	8.73	8.68	- .05
1960 act.....	1960	8.98	8.68	- .30
1961 act.....	1961	9.35	9.05	- .30
1961 act.....	1963	9.33	9.02	- .31
1961 act (perpetuity basis).....	1964	9.36	9.12	- .24
1961 act (75-year basis).....	1964	9.09	9.10	+ .01
1965 act.....	1965	9.49	9.42	- .07
1965 act.....	1966	8.76	9.50	+ .74
1967 act.....	1967	9.72	9.73	+ .01
		OASI ⁴		
1956 act.....	1956	7.43	7.23	-0.20
1956 act.....	1958	7.90	7.33	- .57
1958 act.....	1958	8.27	8.02	- .25
1958 act.....	1960	8.38	8.18	- .20
1960 act.....	1960	8.42	8.18	- .24
1961 act.....	1961	8.79	8.55	- .24
1961 act.....	1963	8.69	8.52	- .17
1961 act (perpetuity basis).....	1964	8.72	8.62	- .10
1961 act (75-year basis).....	1964	8.46	8.60	+ .14
1965 act.....	1965	8.82	8.72	- .10
1965 act.....	1966	7.91	8.80	+ .89
1967 act.....	1967	8.77	8.78	+ .01
		DI ⁴		
1956 act.....	1956	0.42	0.49	+0.07
1956 act.....	1958	.35	.50	+ .15
1958 act.....	1958	.49	.50	+ .01
1958 act.....	1960	.35	.50	+ .15
1960 act.....	1960	.56	.50	- .06
1961 act.....	1961	.56	.50	- .06
1961 act.....	1963	.64	.50	- .14
1961 act (perpetuity basis).....	1964	.64	.50	- .14
1961 act (75-year basis).....	1964	.63	.50	- .13
1965 act.....	1965	.67	.70	+ .03
1965 act.....	1966	.85	.70	- .15
1967 act.....	1967	.95	.95	.00

¹ Expressed as a percentage of effective taxable payroll, including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate. Estimates prepared before 1964 are on a perpetuity basis, while those prepared after 1964 are on a 75-year basis. The estimates prepared in 1964 are on both bases.

² Including adjustments (a) for the interest earnings on the existing trust fund, (b) for administrative expense costs, and (c) for the net cost of the financial interchange with the railroad retirement system.

³ A negative figure indicates the extent of lack of actuarial balance. A positive figure indicates more than sufficient financing, according to the particular estimate.

⁴ The disability insurance program was inaugurated in the 1956 act so that all figures for previous legislation are for the old-age and survivors insurance program only.

The cost estimates for OASDI were reexamined at the beginning of 1960 and modified in certain respects. The earnings assumption was changed to reflect the 1959 level, and revised assumptions were made for the disability insurance portion of the program on the basis of newly available data. It was found that the number of persons

meeting the insured-status conditions for disability benefits had been significantly overestimated and that the disability incidence rates with respect to eligible women were considerably lower than had been originally estimated.

The changes made by the 1961 amendments involved higher costs, and this rise was fully met by changes in the scheduled contribution rates. As a result the actuarial balance of the program remained unchanged.

Subsequently the cost estimates were further reexamined in the light of the developing experience. The average amount of taxable earnings was moved to the 1963 level, the interest rate was increased to reflect recent experience and the retirement rates were modified upward to conform to the experience. The disability insurance portion of the program was found to be in an unsatisfactory financial position because benefits were not being terminated by death or recovery as rapidly as had been originally estimated. At the same time the financing of the old-age and survivors insurance portion was found to be somewhat improved.

The changes made by the 1965 amendments involved an increased cost that was closely met by the changes in their financing provisions (namely, an increase in the contribution schedule, particularly in the later years, and an increase in the earnings base). The actuarial balance of the total program remained virtually unchanged, while a reallocation of contributions to the DI trust fund made both portions of the program actuarially sound.

In 1966, the cost estimates for the old-age, survivors, and disability insurance system were completely revised, on the basis of new data since the last evaluation that was made in 1963. The new estimates showed significantly lower costs for the old-age and survivors insurance portion of the system, but higher costs for the disability insurance portion. The factors leading to lower costs were as follows: (1) 1966 earnings levels, instead of 1963 ones; (2) an interest rate of $3\frac{3}{4}$ percent for the intermediate-cost estimate, instead of $3\frac{1}{2}$ percent; (3) an assumption of greater future participation of women in the labor force (resulting in reduction in the cost of the program because of the "antiduplication of benefits" provision between women's primary benefits and wife's or widow's benefits); (4) an assumption

of less improvement in future mortality than had previously been assumed; and (5) an assumption that, despite a significant decline in future fertility rates, such decline would not occur as rapidly as had been assumed previously.

The cost of the disability insurance system was estimated to be significantly higher, as a result of increasing the assumed disability prevalence rates. The change was necessary to reflect the substantially larger number of disability beneficiaries coming on the rolls with respect to disabilities occurring in 1964 and after. This experience was not available in 1965 when the cost estimates for the legislation of that year were considered.²

Both the Committee on Ways and Means of the House of Representatives and the Senate Committee on Finance, in reporting on the 1967 legislation³ stated their belief that it is a matter for concern if the OASDI system shows any significant actuarial insufficiency—more than 0.10 percent of payroll. (Before the change to a 75-year basis, this limit of variation was taken at 0.30 percent.) Whenever the actuarial insufficiency has exceeded the accepted limits, any subsequent liberalizations in benefit provisions have been fully financed by appropriate changes in the tax schedule or through other methods, and at the same time the actuarial status of the program has been improved. The changes provided in the 1967 amendments are in conformity with these principles.

BASIC ASSUMPTIONS FOR COST ESTIMATES

Because of such factors as the aging of the population and the slow but steady growth of the benefit rolls, benefit disbursements may be expected to increase continuously for at least the next 50–70 years. Similar factors are inherent in any retirement program, public or private, that has been in operation for a relatively short period. Estimates of the future cost of the OASDI program are also affected by many elements that are

² For more details on these revised cost estimates for the old-age, survivors, and disability insurance system, see Actuarial Study No. 63, Office of the Actuary, Social Security Administration, January 1967.

³ House Report No. 544 and Senate Report No. 744, 90th Congress, 1st session.

difficult to determine. The assumptions used in the actuarial cost estimates may therefore differ widely and yet be reasonable.

The long-range estimates are presented in a range to indicate plausible variations in future costs. Both the low- and high-cost estimates are based on high economic assumptions, intended to represent close to full employment, with average annual earnings at about the 1966 level. The intermediate-cost estimates, developed by averaging the low- and high-cost estimates, indicate the basis for the financing provisions.

Costs are shown, in general, as percentages of payroll—the best measure of the program's financial cost. Dollar figures alone are misleading. A higher earnings level, for example, will increase not only the program's outgo but also—and to a greater extent—its income, with the result that cost in relation to payroll will decrease.

For the short range cost, only a single estimate is considered necessary. A gradual rise in the earnings level, paralleling that of the past few years, is assumed. As a result, contribution income is somewhat higher than if level earnings were assumed, but benefit outgo is only slightly affected.

An important measure of long-range cost is the equivalent level contribution rate required to support the program for the next 75 years, based on discounting at interest. Adoption of such a level rate would result in relatively large accumulations in the old-age and survivors insurance trust fund and, eventually, sizable income from interest. Even though such a method of financing is not followed, the concept may be used as a convenient measure of long-range costs, especially in comparing various possible alternative plans, since it takes into account the heavy deferred benefit costs.

The long-range estimates are based on level-earnings assumptions, although covered payrolls are assumed to rise steadily during the next 75 years with the growth in the population of working age. If in the future the earnings level should be considerably above that which now prevails, and if the benefits are adjusted upward so that the annual costs in relation to payroll remain the same as those now estimated for the present system, then the increased dollar outgo that results will offset the increased dollar income. This is an important reason for considering costs in relation

to payroll rather than in dollar amounts. Although a rise in earnings levels has characterized the past, the long-range estimates have not taken the possibility of such a rise into account. If such an assumption were used, along with the unlikely assumption that the benefits would not be changed, the cost in relation to payroll would, of course, be lower.

The possibility that a rise in earnings levels will produce lower costs in relation to payroll is an important "safety factor" in the system's financial operations. The financing of the system is based essentially on the intermediate-cost estimate, along with the assumption of level earnings; if experience follows the high-cost assumption, additional financing will be necessary. If covered earnings do increase in the future as in the past, the resulting reduction in program costs (expressed as a percentage of taxable payroll) will more than offset the higher cost under experience following the high-cost estimate. If the latter condition prevails, the reduction in the relative cost of the program coming from rising earnings levels can be used to maintain the actuarial soundness of the system, and any remaining savings can be used to adjust benefits upward (although to a lesser degree than the increase in the earnings level).

If benefits are adjusted currently to keep pace with rising earnings trends as they occur, the year-by-year costs as a percentage of payroll would be unaffected. The level-premium cost, however, would be higher, since the relative importance of the interest earned by the trust funds would gradually diminish with the passage of time. If earnings do consistently rise, the financing basis of the system must be given thorough consideration because the proportion of the benefit costs met by the interest receipts would be less than anticipated under the assumption that the earnings level would not rise.

The costs of OASDI are affected by amendments made to the Railroad Retirement Act in 1951. Under these amendments, railroad retirement compensation and the earnings covered under OASDI are combined in determining benefits for workers with fewer than 10 years of railroad service and for all survivor claimants. Under the financial interchange provisions adopted at the same time, the old-age and survivors insurance trust fund and the disability in-

surance fund are to be maintained in the same financial position in which they would have been if railroad employment had always been covered by the Social Security Act. It is estimated that in the long run the net effect will be a relatively small loss to the OASDI system since the reimbursements from the railroad retirement system will be somewhat smaller than the net additional benefits paid on the basis of railroad earnings.

Program costs are also affected by the 1956 legislation that provided for reimbursement from general revenues for past and future expenditures with respect to the noncontributory credits that had been granted for persons in military service before 1957. The long-range and short-range cost estimates reflect the effect of these reimbursements (included as contributions).

Under the 1967 amendments, individuals in active military service after 1967 will receive additional wage credits in excess of their cash pay (but within the maximum creditable earnings base) in recognition of their remuneration that is payable in kind (quarters and meals, for example). These additional credits are, in essence, at the rate of \$100 per month. The additional costs that arise from these credits are to be financed from general revenues on an "actual disbursements cost" basis.

Under the amendments passed in 1966, certain uninsured individuals aged 72 or over are eligible to receive special monthly benefits. The cost of these benefits to the trust funds (including administrative expenses) are reimbursed from general revenues. The short-range cost estimates presented in this article reflect these transactions. Similarly, they reflect the transactions with respect to the noncontributory additional \$100 monthly credits for post-1967 military service. The long-range cost estimates do not, however, reflect either of these two types of transactions. Because of the full-cost nature of the reimbursement from general revenues, neither of them has any long-range effect on the trust funds.

INTERMEDIATE-COST ESTIMATES

The long-range intermediate-cost estimates are developed from the low- and high-cost estimates by averaging the dollar estimates and then developing the corresponding estimates in relation to

payroll. The intermediate-cost estimate is not presented as the most probable estimate but rather as a convenient, single set of figures to use for comparative purposes.

Because Congress believes that the OASDI program should be on a completely self-supporting basis, a single estimate is necessary in the development of a tax schedule. No schedule can be expected to obtain exact balance between contributions and benefits. Development of a specific schedule does, however, make the intention clear, even though in actual practice future changes in the tax schedule may be required. Similarly, exact self-support cannot be obtained from a specified set of integral or rounded fractional tax rates increasing in orderly intervals, but this principle of self-support is aimed at as closely as possible.

The combined employer-employee rate for OASDI is lower under the 1967 Act than under the 1965 Act during the early years (1968-70) and higher thereafter (table 2), with a resulting average increase of 0.23 percent of taxable payroll. The increased schedule of contributions will be applied to a maximum earnings base of \$7,800 instead of the \$6,600 under the previous law. The allocation to the disability insurance portion of the program is also changed by the 1967 amendments, from 0.70 percent of taxable payroll to 0.95 percent, thus improving the financial situation of the disability insurance trust fund.

The interest rate used in the latest valuation of the 1965 act was 3.75 percent. The same rate was retained for the cost estimates of the 1967 amendments.

Table 3 traces the change in the actuarial balance of the system from its situation under the 1965 act, according to the latest estimate, to that under the 1967 amendments, by type of major changes involved.

TABLE 2.—Old-age, survivors, and disability insurance: Contribution rate schedule under the acts of 1965 and 1967
[Percent]

Calendar year	Combined employer-employee rate		Self-employed rate	
	1965 act	1967 act	1965 act	1967 act
1967-----	7.8	7.8	5.9	5.9
1968-----	7.8	7.6	5.9	5.8
1969-70-----	8.8	8.4	6.6	6.3
1971-72-----	8.8	9.2	6.6	6.9
1973 and after-----	9.7	10.0	7.0	7.0

TABLE 3.—Old-age, survivors, and disability insurance system: Changes in actuarial balance expressed in terms of estimated level-cost as percentage of taxable payroll, by type of change, intermediate-cost estimate, 1965 act and 1967 act, based on 3.75 percent interest

[Percent]			
Item	OASI	DI	Total system
Actuarial balance, 1965 act.....	+0.89	-0.15	+0.74
Increase in earnings base.....	+.25	+.02	+.27
Earnings test liberalization.....	-.06	(¹)	-.06
Disabled widow's benefits at age 50.....	-.03	(²)	-.03
Special disability insured status under age 31.....	(²)	-.02	-.02
Liberalized benefits with respect to women workers.....	-.07	(¹)	-.07
Benefit formula change.....	-.95	-.10	-1.05
Revised contribution schedule.....	-.02	+.25	+.23
Total effect of changes.....	-.88	+.15	-.73
Actuarial balance under 1967 act.....	+.01	.00	+.01

¹ Less than 0.005 percent.

² Not applicable to this program.

As indicated previously and as shown by table 1, according to the latest cost estimates for the 1965 act, there was a very favorable actuarial balance in the combined OASDI system of 0.74 percent of taxable payroll, although the DI portion had a significant deficit of 0.15 percent. A large part of the liberalizations contained in the 1967 amendments will be financed by this favorable actuarial balance. The remainder will be financed by the increase in the contribution schedule and by the increase in the maximum taxable earnings base.

It is significant that in the 1950 law and in all amendments since that time, Congress did not recommend a high, level tax rate in the future but rather an increasing schedule, which, of necessity, ultimately rises higher than the level rate. Since this graded tax schedule will produce a considerable excess of income over outgo for many years, a sizable trust fund will develop; the fund will, however, be smaller than it would have been under a level tax rate. This fund, like the trust funds of the civil-service retirement, railroad retirement, national service life insurance, and U.S. Government life insurance systems, will be invested in Government securities. The resulting interest income will help to meet part of the higher benefit costs of the future.

According to the latest intermediate-cost estimate, the level-premium cost of the old-age and survivors insurance benefits (excluding administrative expenses and the effect of interest earnings on the existing trust fund) under the 1965

TABLE 4.—Old-age, survivors, and disability insurance system: Estimated level-cost of benefit payments, administrative expenses, and interest earnings on existing trust fund under 1967 act, as percentage of taxable payroll,¹ by type of benefit, intermediate-cost estimate at 3.75 percent interest

[Percent]		
Item	OASI	DI
Primary benefits.....	6.03	0.75
Wife's and husband's benefits.....	.50	.05
Widow's and widower's benefits.....	1.27	(²)
Parent's benefits.....	.01	(²)
Child's benefits.....	.73	.14
Mother's benefits.....	.13	(²)
Lump-sum death payments.....	.09	(²)
Total.....	8.76	.94
Administrative expenses.....	.12	.03
Railroad retirement financial interchange.....	.04	.00
Interest on existing trust fund ³	-.15	-.02
Net total level-cost.....	8.77	.95

¹ Including adjustment to reflect the lower contribution rate on self-employment income and on tips, as compared with the combined employer-employee rate.

² This type of benefit is not payable under this program.

³ This item includes reimbursement for additional cost of noncontributory credit for military service and is taken as an offset to the benefit and administrative expense costs.

act was about 7.9 percent of payroll, and under the 1967 act it is about 8.8 percent. The corresponding figures for the disability insurance benefits are 0.83 percent and 0.94 percent.

Table 4 presents the estimated benefit costs for the OASDI system as it is under the 1967 amendments, separately for each of the various types of benefits.

Income and Outgo in Near Future

As a result of the 1967 act, the OASDI benefit disbursements will increase by about \$2.9 billion in the calendar year 1968. Most of this additional amount results from the 13-percent increase in benefits. In the calendar year 1969, when all the changes will be in full operation, the benefits will be an estimated \$3.7 billion higher than they otherwise would have been. For 1968, the increase in the earnings base will more than offset the decrease in the tax rate, and the contributions collected will be higher by about \$600 million than they would have been.

Under the amended act the old-age and survivors insurance trust fund is expected to increase by about \$1.1 billion in calendar year 1968 and then to increase substantially each year in the future (table 5), reaching \$46 billion in 1972.

The disability insurance trust fund (table 6) is expected to increase substantially in every year in the future, reaching \$6.5 billion in calendar year 1972.

TABLE 5.—Old-age and survivors insurance: Progress of trust fund, short-range cost estimate

(In millions)						
Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year ³
Actual data						
1951.....	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952.....	3,819	2,194	88	-----	365	17,442
1953.....	3,945	3,006	88	-----	414	18,707
1954.....	5,163	3,670	92	-\$21	447	20,576
1955.....	5,713	4,968	119	-7	454	21,663
1956.....	6,172	5,715	132	-5	526	22,519
1957.....	6,825	7,347	⁴ 162	-2	556	22,393
1958.....	7,566	8,327	⁴ 194	124	552	21,864
1959.....	8,052	9,842	184	282	532	20,141
1960.....	10,866	10,677	203	318	516	20,324
1961.....	11,285	11,862	239	332	548	19,725
1962.....	12,059	13,356	256	361	526	18,337
1963.....	14,541	14,217	281	423	521	18,480
1964.....	15,689	14,914	296	403	569	19,125
1965.....	16,017	16,737	328	436	593	18,235
1966.....	20,658	18,267	256	444	644	20,570
Estimated data, 1967 act						
1967.....	\$23,210	\$19,486	\$333	\$508	\$797	\$24,190
1968.....	23,794	22,664	488	459	904	25,277
1969.....	27,454	24,166	435	530	986	28,586
1970.....	28,811	25,126	448	619	1,136	32,340
1971.....	32,478	26,145	463	601	1,386	38,995
1972.....	33,905	27,161	478	582	1,735	46,414

TABLE 6.—Disability insurance: Progress of trust fund, short-range cost estimate

(In millions)						
Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year
Actual data						
1957.....	\$702	\$67	³ \$3	-----	\$7	\$649
1958.....	966	249	³ 12	-----	25	1,379
1959.....	891	457	50	-\$22	40	1,825
1960.....	1,010	568	36	-5	53	2,289
1961.....	1,038	887	64	5	66	2,437
1962.....	1,046	1,105	66	11	68	2,368
1963.....	1,099	1,210	68	20	66	2,235
1964.....	1,154	1,309	79	19	64	2,047
1965.....	1,188	1,573	90	24	59	1,606
1966.....	2,022	1,784	137	25	58	1,739
Estimated data, 1967 act						
1967.....	\$2,313	\$1,956	\$107	\$31	\$72	\$2,030
1968.....	3,236	2,390	129	44	95	2,798
1969.....	3,517	2,608	121	22	131	3,695
1970.....	3,629	2,740	123	22	171	4,610
1971.....	3,759	2,867	127	25	212	5,562
1972.....	3,880	2,985	133	29	253	6,548

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

³ These figures are artificially low because of the method of reimbursements between this trust fund and the old-age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

Note: Contributions include reimbursement for additional cost of non-contributory credit for military service.

LONG-RANGE PROJECTIONS

Table 7 gives the estimated operations of the old-age and survivors insurance trust fund under the amended program for the long-range future. It will, of course, be recognized that the figures for the next two or three decades are the most reliable (under the assumption of level-earnings trends in the future), since the populations concerned—both covered workers and beneficiaries—are already born. As the estimates proceed further into the future, there is much more uncertainty—if for no reason other than the relative difficulty in predicting future birth trends. But it is nevertheless desirable and necessary to consider these long-range possibilities under a social insurance program that is intended to operate into perpetuity.

According to the intermediate-cost estimate, in

every year after 1967 for the next 20 years, contribution income under the system is estimated to exceed old-age and survivors insurance benefit disbursements. Even after the benefit-outgo curve rises ahead of the contribution-income curve, the trust fund will continue to increase because of the effect of interest earnings (which more than meet the administrative expense disbursements and any financial interchanges with the railroad retirement program). As a result, this trust fund is estimated to grow steadily under the long-range cost estimate (with a level-earnings assumption), reaching \$75 billion in 1980, and \$160 billion at the end of the century. In the very distant future—in about the year 2020 the trust fund is estimated to reach a maximum of approximately \$310 billion and to then start decreasing.

The disability insurance trust fund grows slowly but steadily after 1967, according to the intermediate long-range cost estimate, as shown by table 8. In 1980, it will reach an estimated \$9 billion, and in 2000 it will be \$22 billion. There is estimated to be a small excess of contribution income over benefit disbursements for every year after 1967 for 35 years.

TABLE 7.—Old-age and survivors insurance: Progress of trust fund, long-range cost estimates

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial inter-change ¹	Interest on fund ²	Balance in fund at end of year
Low-cost estimate						
1975	\$33,879	\$28,040	\$417	\$425	\$1,884	\$52,061
1980	36,879	32,177	457	260	3,369	87,867
1985	39,363	36,592	494	155	4,842	123,502
1990	42,091	40,754	532	70	6,279	158,470
1995	45,637	43,917	564	10	7,933	199,565
2000	49,695	45,539	587	-40	10,302	259,054
High-cost estimate						
1975	\$33,360	\$28,854	\$476	\$475	\$1,199	\$41,636
1980	36,138	33,355	523	340	1,836	62,498
1985	38,376	38,016	565	245	2,266	75,575
1990	40,650	42,540	620	170	2,377	78,435
1995	43,568	46,079	646	110	2,263	74,862
2000	46,798	48,336	674	60	2,165	72,475
Intermediate-cost estimate						
1975	\$33,619	\$28,447	\$446	\$450	\$1,517	\$46,781
1980	36,508	32,766	490	300	2,556	74,876
1985	38,870	37,304	530	200	3,418	98,701
1990	41,370	41,647	576	120	4,082	116,620
1995	44,602	44,998	605	60	4,688	133,683
2000	48,247	46,938	631	10	5,583	159,499
2010	54,664	52,885	704	-45	8,711	246,839
2025	62,585	76,292	930	-90	10,933	302,846

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² At interest rates of 3.75 percent for the intermediate-cost estimate, 4.25 percent for the low-cost estimate, and 3.25 percent for the high-cost estimate.

Note: Contributions include reimbursement for additional cost of non-contributory credit for military service before 1957. No account is taken in this table of the outgo for the special benefits payable to certain noninsured persons aged 72 or over or for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint.

LOW- AND HIGH-COST ESTIMATES

Table 7 shows the estimated operation of the old-age and survivors insurance trust fund under the program as changed by the 1967 act for low- and high-cost estimates. Corresponding figures for the disability insurance trust fund are given in table 8.

Under the low-cost estimate, the old-age and survivors insurance trust fund builds up rapidly and in the year 2000 is shown as being about \$260 billion; it is then growing at a rate of about \$14 billion a year. The disability insurance trust fund also grows steadily under the low-cost estimate, reaching about \$13 billion in 1980 and \$45 billion in 2000, at which time its annual rate of growth is about \$2 billion. For both trust funds, under these estimates, benefit disbursements do not exceed contribution income in any year after 1967 for the foreseeable future.

Under the high-cost estimate, on the other hand, the old-age and survivors insurance trust fund builds up to a maximum of about \$78 billion in about 25 years, but it decreases thereafter until it is exhausted in the year 2019. Under this estimate, benefit disbursements from the fund are lower than contribution income for about 20 years into the future.

For the disability insurance trust fund, in the early years of operation the contribution income under the high-cost estimate is slightly in excess of benefit outgo until 1980. Accordingly the fund, as shown by this estimate, will grow to about \$6 billion in the early 1980's and will then slowly decrease until it is exhausted in 2003.

These results are consistent and reasonable, since the system on the basis of an intermediate-cost estimate is intended to be approximately self-supporting, as indicated previously. Accordingly, a low-cost estimate should show that the

TABLE 8.—Disability insurance: Progress of trust fund, long-range cost estimates

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial inter-change ¹	Interest on fund ²	Balance in fund at end of year
Low-cost estimate						
1975	\$3,582	\$2,997	\$126	-\$14	\$311	\$8,264
1980	3,899	3,351	118	-21	493	12,654
1985	4,161	3,618	117	-23	710	18,001
1990	4,448	3,809	115	-25	988	24,900
1995	4,822	4,096	116	-25	1,352	33,899
2000	5,250	4,624	129	-25	1,797	44,803
High-cost estimate						
1975	\$3,528	\$3,317	\$136	-\$6	\$167	\$5,529
1980	3,821	3,812	147	-11	187	6,217
1985	4,057	4,164	155	-13	184	6,148
1990	4,296	4,416	161	-15	171	5,735
1995	4,604	4,794	172	-15	146	4,949
2000	4,945	5,450	195	-15	81	2,760
Intermediate-cost estimate						
1975	\$3,555	\$3,157	\$131	-\$10	\$232	\$6,877
1980	3,860	3,582	133	-16	323	9,351
1985	4,109	3,891	135	-18	413	11,856
1990	4,372	4,113	138	-20	519	14,854
1995	4,713	4,445	143	-20	652	18,556
2000	5,097	5,037	162	-20	788	22,276
2010	5,774	6,562	210	-20	906	25,222
2025	6,598	7,326	233	-20	763	21,384

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² At interest rates of 3.75 percent for the intermediate-cost estimate, 4.25 percent for the low-cost estimate, and 3.25 percent for the high-cost estimate.

Note: Contributions include reimbursement for additional cost of non-contributory credit for military service before 1957. No account is taken in this table of the outgo for the additional benefits payable on the basis of noncontributory credit for military service after 1967—or of the corresponding reimbursement therefor, which is exactly counterbalancing from a long-range cost standpoint.

system is more than self-supporting, and a high-cost estimate should show that a deficiency would arise later on. In actual practice, under the philosophy in the 1950 and subsequent legislation—set forth in the Committee reports—the tax schedule would be adjusted in future years so that none of the developments of the trust funds shown for low-cost or high-cost estimates ever eventuate.

Thus, if experience followed the low-cost estimate and if the benefit provisions were not changed, the contribution rates would probably be adjusted downward—or perhaps the increases scheduled for future years would not go into effect. If, on the other hand, the experience followed the high-cost estimate, the contribution rates would have to be raised above those scheduled. At any rate, the high-cost estimate does indicate that, under the tax schedule adopted, there will be ample funds to meet benefit disbursements for several decades, even under relatively high-cost experience.

Table 9 shows the estimated costs of the old-age and survivors insurance benefits and of the

disability insurance benefits under the amended program, as a percentage of taxable payroll for various future years, through 2040. It also shows the level costs of the two programs for the low-, high-, and intermediate-cost estimates.

HOSPITAL INSURANCE PROGRAM

The hospital insurance system as it was changed by the 1967 amendments has an estimated cost for benefit payments and administrative expenses that is in long-range balance with contribution income. It is recognized that the preparation of cost estimates for hospital and related benefits is much more difficult and is much more subject to variation than cost estimates for the cash benefits of the old-age, survivors, and disability insurance system. This is so not only because the hospital insurance program is newly established, but also because of the greater number of variable factors involved in a service-benefit program than in a cash-benefit one. However, it is believed that the present cost estimates are made under conservative assumptions with respect to all foreseeable factors.

The present cost estimates are based on considerably higher assumptions as to hospital costs than were the original estimates, which were prepared in 1965 at the time that the system was established. At that time, the sharp increases that have occurred in such costs in 1966–67 were not generally predicted by experts in the field.

These cost estimates also contain revised assumptions on the initial level of earnings in 1966 and on future interest-rate trends. These assumptions are the same as those used in the revised cost estimates for the old-age, survivors, and disability insurance system. In addition, the new cost estimates for the hospital insurance system are based on the revised estimates of beneficiaries aged 65 and over under the OASDI program. The latter show somewhat fewer aged beneficiaries in relation to the covered population for whom contributions are payable. Accordingly, the cost of the hospital insurance is reduced on account of this factor (although the effect of hospital-cost trend assumptions is only partly offset).

The new cost estimates contain the assumption that, in the intermediate-cost estimate, administrative expenses will be 3½ percent of the benefit

TABLE 9.—Old-age, survivors, and disability insurance: Cost of benefit payments as percent of taxable payroll ¹

[Percent]			
Calendar year	Low-cost estimate	High-cost estimate	Intermediate-cost estimate ²
OASI			
1975.....	7.48	7.82	7.65
1980.....	7.88	8.34	8.11
1985.....	8.40	8.95	8.67
1990.....	8.75	9.45	9.09
1995.....	8.69	9.55	9.11
2000.....	8.27	9.33	8.78
2010.....	8.05	9.48	8.73
2025.....	9.72	12.50	10.99
2040.....	9.54	13.13	11.09
Level-cost ³	8.26	9.40	8.77
DI			
1975.....	0.80	0.90	0.85
1980.....	.82	.95	.89
1985.....	.83	.98	.90
1990.....	.82	.98	.90
1995.....	.81	.99	.90
2000.....	.84	1.05	.94
2010.....	.95	1.24	1.08
2025.....	.91	1.23	1.05
2040.....	.94	1.27	1.08
Level-cost ³85	1.06	.95

¹ Taking into account the lower contribution rate for self-employment income and tips, as compared with the combined employer-employee rate.

² Based on the averages of the dollar payrolls and dollar costs under the low-cost and high-cost estimates.

³ Level contribution rate, at an interest rate of 3.25 percent for high-cost, 3.75 percent for intermediate-cost, and 4.25 percent for low-cost, for benefits after 1966, taking into account interest on the trust fund on December 31, 1966, future administrative expenses, the railroad retirement financial interchange provisions, and the reimbursement of military-wage-credits cost.

payments, which is the anticipated experience in 1967-68 (as against the assumption of 3 percent in the original estimates). The administrative expenses for the low-cost and high-cost estimates are assumed to be the same proportion as for the intermediate-cost estimate. The new cost estimates also take into account the small additional cost arising from the reimbursement bases for hospitals and extended-care facilities that are now in effect, which are somewhat higher than was assumed in the original cost estimates.

Financing Basis

The contribution schedule contained in the 1967 amendments, with an earnings base of \$7,800 in 1968 and after, is as follows, as compared with that of the 1965 Act (with an earnings base of \$6,600):

Calendar year	[Percent]			
	Combined employer- employee rate		Self-employed rate	
	1965 act	1967 act	1965 act	1967 act
1967.....	1.0	1.0	0.50	0.50
1968.....	1.0	1.2	.50	.60
1969-72.....	1.0	1.2	.50	.60
1973-75.....	1.1	1.3	.55	.65
1976-79.....	1.2	1.4	.60	.70
1980-86.....	1.4	1.6	.70	.80
1987 and after.....	1.6	1.8	.80	.90

The combined employer-employee rate under the 1967 amendments is 0.2 percent higher in 1968 and after than under the 1965 act. These increases, along with the additional income from the higher earnings base, would finance the increased cost of the program that results from the higher hospitalization-cost assumptions used in the current estimates, as compared with those used when the program was initiated in 1965.

The hospital insurance program is completely separate from the OASDI system in several ways, although the earnings base is the same under both programs.

First, the schedules of tax rates for OASDI and HI are in separate subsections of the Internal Revenue Code (unlike the situation for OASI and DI, where there is a single tax rate for both programs, but an allocation thereof into two portions).

Second, the HI program has a separate trust

fund (as is also the case for OASI and DI) and, in addition, has a separate Board of Trustees from that of the OASDI system.

Third, income-tax withholding statements (forms W-2) show the proportion of the total contribution for OASDI and HI that relates to the latter program.

Fourth, the HI program covers railroad employees directly in the same manner as other covered workers and their benefit payments are paid directly from this trust fund (rather than directly or indirectly through the railroad retirement system), whereas these employees are not covered by OASDI (except indirectly through the financial interchange provisions).

Fifth, the financing basis for the HI system is determined under a different approach than that used for the OASDI system—a reflection of the different natures of the two programs (by assuming rising earnings levels and rising hospitalization costs in future years instead of level-earnings assumptions and by making the estimates for a 25-year period rather than a 75-year one).

As has always been the case in connection with the OASDI system, the Congress has very carefully considered the cost aspects of the HI system and proposed changes therein. In the same manner, the Congress has indicated that this program should be completely self-supporting from the contributions of covered individuals and employers (the transitional uninsured group covered by this program have their benefits, and the resulting administrative expenses, completely financed from general revenues). Accordingly, the tax schedule in the law should make the HI system self-supporting over the long range as nearly as can be foreseen, and thus actuarially sound.

The concept of actuarial soundness is somewhat similar for the two programs, but there are important differences. One major difference is that cost estimates for the hospital insurance program should desirably be made over a period of only 25 years in the future, rather than 75 years as it is for the OASDI program. A shorter period for the hospital insurance program is necessary because it is more difficult to make forecast assumptions for a service benefit than for a cash benefit. There is a reasonable likelihood that during the next 75 years the number of beneficiaries aged 65 and over will tend to increase in relation to the covered population (a period of this length

is thus both necessary and desirable for studying the cost of the cash OASDI benefits). It is far more difficult, however, to make reasonable assumptions concerning the trends of medical care costs and practices for more than 25 years in the future.

In a new program such as hospital insurance it seemed desirable that it be completely in actuarial balance. To accomplish this result, a contribution schedule was developed that will meet this requirement, according to the underlying cost estimates.

Basic Assumptions

Perhaps the major consideration in preparing actuarial cost estimates for hospital benefits is the fact that—unlike the situation for the monthly cash benefits—an unfavorable cost result is shown when the average earnings level is assumed to increase. The reason is that the hospitalization costs should then be assumed to increase at least at the same rate as the earnings level; if the maximum taxable earnings base is not adjusted accordingly, the taxable earnings will not increase as fast as the hospitalization costs. Accordingly, the assumption of a fixed taxable earnings base at \$7,800 should be considered as a “safety factor” in the cost estimates.

Originally, the average total earnings (including earnings above the taxable base) were assumed to increase in the future at a rate of 3 percent, and hospitalization costs by an additional 2.7 percent for a total of 5.7 percent during the next 5 years. The differential was then assumed to decrease gradually from the sixth year on, until it became zero after the tenth year. For the last 15 years of the period the hospitalization costs were assumed to increase at the same rate as the average total earnings.

Lately, several estimates of the short-term future trend of hospital costs have been made by experts in this field. All of these are well above the rate of 5.7 percent per year until 1970 that was assumed in the initial cost estimates for the program made when it was enacted in 1965. The American Hospital Association has estimated an annual rate of increase of as much as 15 percent for the next 3 to 5 years. The Blue Cross Association has made a corresponding estimate of 9 percent per year in the period up to 1970.

TABLE 10.—Assumptions as to future rates of increase in hospital costs

Calendar year	[Percent]		
	Low-cost	Inter-mediate-cost	High-cost
1967.....	12.0	15.0	15.0
1968.....	10.0	15.0	15.0
1969.....	8.0	10.0	15.0
1970.....	6.0	6.0	15.0
1971.....	5.2	5.2	15.0
1972.....	4.6	4.6	10.0
1973.....	4.1	4.1	4.1
1974.....	3.6	3.6	3.6
1975 and after.....	3.0	3.0	3.0

Three sets of assumptions as to the short-term trend of hospital costs have been made for the cost estimates discussed in this article. These assumptions are shown in table 10. In each case, the annual rates of increase are assumed to merge with those used in the initial cost estimates for the program for 1971 for the low-cost and intermediate-cost assumptions and 1973 for the high-cost assumptions—that is, increases slightly above the increases in the earnings level from these dates until about 1975, and then the same increases. The low-cost set of assumptions yields about the same result as the Blue Cross prediction, and the high-cost set corresponds to the highest American Hospital Association prediction. The intermediate-cost set is used to develop the financing provisions of the legislation.

The hospital utilization rates used for the cost estimates are the same as those used in the initial cost estimates for the program. Analysis of the actual experience for the first 6 months of operation (the last half of 1966) seems to indicate that it is close to the original assumptions, although somewhat higher.

The average daily cost of hospitalization that was used in the cost estimates was computed on the same basis as the corresponding figures in the initial cost estimates that were prepared when the legislation was enacted in 1965. Specifically, an average of about \$38.50 per day was used for the reimbursement principles under the 1965 act for 1966 and was projected for future years in the manner described previously. Analysis of the experience for 1966, for which complete data are not yet available, indicates that this assumption was close to what actually occurred, although possibly somewhat higher.

Table 11 shows the level-cost of the hospital and related benefits under the 1967 amendments

TABLE 11.—Hospital insurance: Level-cost analysis, intermediate-cost estimate

[Percent]			
Legislation	Level-cost of benefits ¹	Level-equivalent of contributions	Actuarial balance
1965 act, original estimate.....	1.23	1.23	0.00
1965 act, revised estimate.....	1.54	1.23	-.31
1967 act.....	1.38	1.41	+.03

¹ Including administrative expenses.

as a percentage of taxable payroll determined as of January 1, 1966, using an interest of 3¾ percent. These figures are based on the assumptions that the earnings base will not change and that both hospitalization costs and general earnings will continue to rise during the entire 25-year period considered in the cost estimates. Also shown in table 11 are the level-equivalents of the contribution schedules and the net actuarial balances of the system.

The estimated level-cost of the benefit payments and administrative expenses in the low-cost estimate is 1.27 percent of taxable payroll; the corresponding figure for the high-cost estimate is 1.76 percent. In each instance, the level-equivalent of the contribution schedule is 1.41 percent of taxable payroll.

It should be recognized that the vast majority of the level-cost of the benefit payments relates to inpatient hospital benefits. Most of the remaining cost is attributable to extended-care benefits, with home health service benefits representing only a small portion. Currently, inpatient hospital benefits account for about 90 percent of total benefit outgo. In later years, it seems possible that there will be much greater use of post-hospital extended-care services and posthospital home health services (particularly the former), thus tending to reduce the use of hospitals and, therefore, the cost of the inpatient hospital benefits.

The estimated level-cost of the system is reduced by 0.01 percent of taxable payroll as a result of transferring the outpatient diagnostic benefits to the supplementary medical insurance system. The other changes in the benefit provisions of this program would not have any significant effect on the long-range costs. The cost of providing further days of hospital benefits beyond 90 days in a spell of illness—as is done by the “lifetime reserve” of 60 days—is relatively small.

TABLE 12.—Hospital insurance: Changes in actuarial balance expressed in terms of level-cost as percent of taxable payroll, by type of change, intermediate-cost estimate, 1965 act and 1967 act, based on 3.75 percent interest

[Percent]	
Item	Level-cost
Actuarial balance, 1965 act.....	-0.31
Increase in taxable earnings base.....	+.15
Revised contribution schedule.....	+.18
Transfer of outpatient diagnostic benefits to SMI.....	+.01
Further hospital benefits beyond 90 days.....	(¹)
Total effect of changes.....	+.34
Actuarial balance under 1967 act.....	+.03

¹ Less than 0.005 percent.

Table 12 summarizes these changes in the cost of the program and also gives data as to the value of the contribution schedules and the resulting actuarial balances.

As indicated previously, one of the most important assumptions in the cost estimates presented herein is that the earnings base is assumed to remain unchanged, even though for the remainder of the period considered (up to 1990) the general earnings level is assumed to rise at a rate of 3 percent annually. If the earnings base does rise in the future to keep up to date with the general earnings level, then the contribution rates required would be lower than those scheduled in the law. In fact, if this were to occur, the steps in the contribution schedule beyond the combined employer-employee rate of 1.2 percent would not be needed if all other assumptions in the intermediate-cost estimate are realized.

The cost for the persons who are blanketed in for the hospital and related benefits is met from the general fund of the Treasury (with the financial transactions involved passing through the HI trust fund). The costs so involved, along with the financial transactions, are not included in the preceding cost analysis or in the following discussions of the future operations of the HI trust fund. For the first 7 years of operation, these costs are as follows:

Calendar year	Cost to Treasury (in millions)
1966 ¹	\$174
1967	439
1968	465
1969	471
1970	459
1971	432
1972	403

¹ Data are for the last 6 months of the year (estimate based on actual experience).

Table 13 shows the estimated operation of the HI trust fund under the intermediate-cost estimate and also under the low-cost and high-cost estimates. Under the intermediate-cost estimate, the balance in the trust fund would grow steadily in the future, increasing from about \$1.3 billion at the end of 1967 to \$3.3 billion 5 years later. Over the long range, the trust fund would build up steadily, reaching \$15.7 billion in 1990 (representing the disbursements for 1.4 years at the level of that time).

Under the low-cost estimate, the balance in the trust fund grows steadily, reaching \$7.5 billion in 1975 and \$36.8 billion in 1990 (at which time it represents the disbursements for 3.6 years). In actual practice, if the low-cost assumptions materialize, it would not be necessary to increase the contribution rates after 1975 as in the legislation. Under the high-cost estimate, which represents probably the most extreme situation from a high-cost standpoint in regard to hospital costs, the balance in the trust fund reaches a maximum of \$2.4 billion at the end of 1969, and then it decreases until it is exhausted in 1972. This estimate indicates that, despite very high assumptions as to the trend of hospital costs, the system would have sufficient funds to maintain operations for at least 4 years under these circumstances, without changing the financing provisions.

SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

The 1967 amendments expanded somewhat the protection provided by the supplementary medical insurance program. The increase in cost for these changes, effective after March 1968, was recognized by the Secretary of Health, Education, and Welfare in his determination of the standard premium rate for the period after March 1968, which was promulgated at \$4 (in comparison with the rate of \$3 applicable for the period July 1966–March 1968).

Financing Basis

Coverage under the supplementary medical insurance program can be voluntarily elected, on an individual basis, by virtually all persons aged

TABLE 13.—Hospital insurance: Progress of trust fund

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Interest on fund ¹	Balance in fund at end of year
Actual data					
1966.....	\$1,911	\$767	² \$57	\$34	\$1,121
Low-cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	2,981	104	70	2,289
1969.....	4,223	3,336	117	109	3,168
1970.....	4,391	3,649	128	142	3,924
1971.....	4,564	3,932	138	169	4,587
1972.....	4,732	4,215	148	191	5,147
1973.....	5,274	4,499	157	215	5,980
1974.....	5,503	4,777	167	242	6,781
1975.....	5,695	5,055	177	266	7,510
High-cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	3,190	112	64	2,066
1969.....	4,223	3,795	133	86	2,447
1970.....	4,391	4,501	157	85	2,265
1971.....	4,564	5,292	185	57	1,409
1972.....	4,732	5,960	209	3	(³)
1973.....	5,274	6,364	223	(³)	(³)
1974.....	5,503	6,762	237	(³)	(³)
1975.....	5,695	7,161	251	(³)	(³)
Intermediate-cost estimate					
1967.....	\$2,943	\$2,683	\$94	\$45	\$1,332
1968.....	3,972	3,190	112	64	2,066
1969.....	4,223	3,636	127	90	2,616
1970.....	4,391	3,982	139	108	2,994
1971.....	4,564	4,292	150	117	3,233
1972.....	4,732	4,602	161	121	3,323
1973.....	5,274	4,912	172	125	3,638
1974.....	5,503	5,216	183	132	3,874
1975.....	5,695	5,522	193	135	3,989
1980.....	8,087	6,940	243	203	6,454
1985.....	9,241	8,690	304	373	10,731
1990.....	11,627	10,843	380	553	15,711

¹ An interest rate of 3.75 percent is used in determining the level-costs, but in developing the progress of the trust fund a varying rate in the early years has been used, ranging down from 5 percent initially to 4 percent after 1975.

² Including administrative expenses incurred in 1965.

³ Fund exhausted in 1972.

Note: The transactions relating to the noninsured persons, the costs for whom is borne out of the general funds of the Treasury, are not included in the above figures. The actual disbursements in 1966, and the balance in the trust fund by the end of the year, have been adjusted by an estimated \$174 million on this account.

65 and over in the United States. This program is intended to be completely self-supporting from the contributions of covered individuals and the matching contributions made from the general fund of the Treasury.

Under the 1967 amendments, the standard premium rate (for persons enrolling in the earliest possible enrollment period) is generally to be determined annually on a permanent basis—for April 1968 through June 1969 and then for 12-month periods beginning with July 1969 and each July thereafter.

Persons who do not elect to come into the sys-

tem as early as possible will generally have to pay a higher premium rate.

The 1965 act provided for the establishment of an advance appropriation from the general fund of the Treasury to serve as an initial contingency reserve, in an amount equal to \$18 (or 6 months' per capita contributions from the general fund of the Treasury) times the number of individuals estimated to be eligible for participation in July 1966. This amount—approximately \$345 million (of which \$100 million has actually been appropriated)—has not actually been transferred to the trust fund and will not be transferred unless, and until, some of it would be needed. This contingency amount is available only during the first 18 months of operations (July 1966–December 1967), and any amounts actually transferred to the trust fund would be subject to repayment to the general fund of the Treasury (without interest).

The concept of actuarial soundness for the medical insurance program differs somewhat from that for the OASDI program and the hospital insurance program. In essence, the medical insurance program is financed on a current-cost basis rather than on a long-range cost basis. The situations are essentially different because the financial support of the medical insurance program comes from a premium rate that is subject to change from time to time, in accordance with the experience actually developing and with the experience anticipated in the near future. The actuarial soundness of the program therefore depends only upon the adequacy of the "short-term" premium rates to meet, on an accrual basis, the benefit payments and administrative expenses

(including the accumulation and maintenance of a contingency fund) for the period for which they are established.

Results of Cost Estimates

The 1967 amendments made a number of changes in the benefit provisions of the SMI program. Some of these provisions expanded the scope of the program, and several limited it slightly. The only changes with a significant cost effect are shown below, together with the monthly cost per participant in relation to the combined \$6 monthly premium rate (for the participant and the Government).

<i>Item</i>	
Nonprofessional component of outpatient diagnostic services -----	\$0.12
Elimination of cost-sharing for inpatient pathology and radiology -----	.20
Extending coverage of physical-therapy services benefits -----	.05
Total -----	\$0.37

The cost of covering certain limited services furnished by podiatrists is very small.

The total cost of \$0.37 a month per capita in relation to the initial premium rate increases to about \$0.46 when the rise in the standard premium rate for the period after March 1968 is taken into account. This total cost of \$0.46 per month per capita is equivalent to an annual cost of \$100 million with respect to 18 million participants (with half of that amount coming from the general fund of the Treasury).

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U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE • Social Security Administration

Social Security Amendments of 1967: Summary and Legislative History

by **WILBUR J. COHEN** and **ROBERT M. BALL***

WITH THE SIGNING on January 2, 1968, of H.R. 12080, the Social Security Amendments of 1967 became law. When President Johnson approved the law he stated:

Because of social security, tens of millions of Americans have been able to stand straighter and taller unafraid of their future. . . . Measured in dollars of insurance benefits, the bill enacted into law today is the greatest stride forward since social security was launched in 1935.

These amendments will raise the amount of benefit payments to the almost 24 million beneficiaries now getting benefits and will improve the protection provided under the social security program for all present and future contributors and their families.

The most significant changes in the social security program are:

1. A 13-percent increase in old-age, survivors, and disability insurance benefits, with a minimum monthly benefit of \$55 for a person retiring at or after age 65 (or receiving disability benefits).
2. An increase from \$35 to \$40 in the special age-72 payments.
3. An increase from \$1,500 to \$1,680 in the amount a person may earn in a year and still get full benefits for that year.
4. Monthly cash benefits for disabled widows and disabled dependent widowers at age 50 at reduced rates.
5. A liberalization of the eligibility requirements for benefits for dependents and survivors of women workers.
6. An alternative insured-status test for workers disabled before age 31.
7. New guidelines for determining eligibility for disability insurance benefits.
8. Additional noncontributory wage credits for servicemen.
9. Broadened coverage of clergymen and mem-

bers of religious orders who have not taken a vow of poverty.

10. An increase in the contribution and benefit base from \$6,600 to \$7,800, beginning in 1968.

The amendments include the following significant changes in the welfare and child health provisions of the Social Security Act:

1. Establishment of a new work incentive program for families receiving aid to families with dependent children.
2. Provision of earnings exemptions under the AFDC program.
3. A limitation on Federal matching in AFDC programs for families with an absent parent.
4. Expansion of social services.
5. Modifications in the medical assistance program.
6. Federal support for the training of social work personnel.
7. Increased authorizations for child welfare services.
8. Increased authorizations and improvements in the child health program.

Background and Legislative History of the Insurance Provisions

The history of these amendments reflects a long and thorough evaluation on the part of Congress and the Administration of how the social security

Over the last third of a century in America we have proved that people who earn their living can make their lives better and more secure if they divert part of their incomes to protect themselves from the twists of fortune that face all men. Our challenge for the coming years is to see if we can extend that same human insurance and human dignity to persons who are not able to buy their own protection. Our challenge is to save children.

PRESIDENT LYNDON B. JOHNSON

January 2, 1968

* Mr. Cohen is Under Secretary of Health, Education, and Welfare, and Mr. Ball is the Commissioner of Social Security.

program could best be improved and expanded in light of both the needs of the American people for more meaningful protection against financial insecurity and the economic impact of these improvements on taxpayers and on the general economy.

This extensive study of the social security program was initiated at the request of President Johnson. On March 15, 1966, the President signed the Tax Adjustment Act of 1966, which included the provision of special payments under the social security program to certain uninsured individuals aged 72 and over. The President announced at that time that he had directed the Secretary of Health, Education, and Welfare "to complete a study of ways and means of making social security benefits more adequate—while keeping the program financially sound." The proposals resulting from this study were to be ready for the President to present to the 90th Congress, which was scheduled to convene in January 1967. In a speech before members of the National Council of Senior Citizens on June 3, 1966, the President reaffirmed his intention to recommend improvements in social security benefit levels, saying that this would be "a major objective of this administration."

During the summer of 1966, the Department of Health, Education, and Welfare conducted studies and investigations into the most vitally needed improvements to the program and the best methods of financing these improvements.

On October 12, 1966, President Johnson gave an address at the Annual Honor Awards Ceremony of the Social Security Administration conducted at the headquarters in Woodlawn, Maryland. In that address he announced some of the major aspects of the social security proposals to be included in his recommendations to Congress. Foremost was a proposal for an increase in social security benefits averaging "at least 10 percent." In addition, a special minimum monthly benefit of \$100 for workers regularly employed for 25 years in jobs covered under social security, a liberalized retirement test, and health insurance for social security disability beneficiaries were recommended. President Johnson emphasized that this was not an inclusive list and that more proposals would be recommended to the new Congress. He also took that occasion to laud the Social Security Administration on its work in implementing the Medicare program.

Under revised estimates for the cash benefits program made in the summer of 1966, almost 75 percent of the cost of the proposals in the President's speech could be financed under the schedule of contribution rates set by the 1965 amendments. The cash benefits program had a favorable actuarial balance under the new cost estimates that took into account higher earnings levels and other favorable factors that had developed since the estimates on which the 1965 legislation was based were made. The new estimates indicated that the regular cash benefits part of the program was overfinanced by about three-fourths of 1 percent of the taxable payroll—an amount sufficient to finance about an 8-percent increase in cash benefits.

The news that an 8-percent benefit increase could be enacted immediately without any additional financing caused a sudden flurry of Congressional activity concerning social security legislation in the closing days of the 89th Congress. In the week following the President's address, several bills were introduced in Congress to increase social security benefits. The House Ways and Means Committee held executive sessions during that week and, at the conclusion of these sessions, Chairman Mills announced that the Ways and Means Committee had decided to postpone further consideration on social security proposals until the new Congress convened the following year. Chairman Mills stated the Committee's view that there should be public hearings concerning the proposals and that there was not time to conduct hearings before adjournment.

PRESIDENT'S RECOMMENDATIONS TO CONGRESS

On January 23, 1967, President Johnson sent to Congress his special Message on Older Americans. This message embodied the President's recommendations concerning elderly citizens, which he had outlined in his State of the Union Address given on January 10.

Included among the President's recommendation for social security were:

- (1) A benefit increase of at least 15 percent for everyone on the rolls.
- (2) An increase in the regular minimum monthly benefit from \$44 to \$70.

(3) A special minimum monthly benefit of \$100 for workers with 25 years of coverage.

(4) An increase to \$50 a month for the "special age-72" payments.

(5) Cash benefits for disabled widows.

(6) Increase in the annual exempt amount under the retirement test to \$1,680 and in the \$1-for-\$2 adjustment span to \$2,880.

(7) Broaden coverage of agricultural employees.

(8) Transfer credits to social security for Federal employment under the civil-service or foreign-service retirement systems if benefits are not payable under the system when the worker retires, becomes disabled, or dies.

(9) Health insurance for social security disability beneficiaries, and a comprehensive study by the Department of Health, Education, and Welfare of the problem of including the cost of prescription drugs under Medicare.

(10) A 3-step increase in the contribution and benefit base to \$7,800 in 1968, \$9,000 in 1971, and \$10,800 in 1974.

(11) Increases in the scheduled contribution rates for cash benefits resulting in an ultimate rate of 5.0 percent in 1973 for employees and employers each instead of 4.85 percent (but no increase in the ultimate contribution rate for the self-employed of 7.0 percent).

ACTION IN THE HOUSE

On February 20, Chairman Mills introduced—on behalf of the Administration—H.R. 5710, embodying the President's recommendations as outlined in the Message on Older Americans, along with a great many other, less significant benefit improvements and a number of technical changes.

On March 1, the Ways and Means Committee began consideration of H.R. 5710 by conducting public hearings on the proposals with Secretary of Health, Education, and Welfare John W. Gardner as the first witness for the Administration. The public hearings ended on April 11 and the Committee went into executive sessions on the bill the following day. The Ways and Means Committee conducted more than 60 sessions of executive hearings during the following months. The Committee explored in detail the various provisions of the bill—some 76 social security and welfare provisions—and also examined various alternative and additional legislative proposals.

Chairman Mills introduced H.R. 12080 on August 3 (cosponsored by Representative John W. Byrnes, the ranking minority member of the

Ways and Means Committee), which reflected the Committee's decisions concerning the President's recommendations. H.R. 12080 was reported to the House of Representatives by the Committee on August 7 and was passed by the House after 2 days of debate on August 17, with only minor technical amendments by a vote of 415 to 3.

The major social security cash-benefits provisions of the House bill were as follows:

(1) A benefit increase of 12½ percent with a \$50 minimum (rather than 15 percent and a \$70 minimum as recommended by the President);

(2) Special age-72 payments of \$40 (rather than \$50);

(3) Benefits for disabled widows and widowers with the benefits reduced and payable only at or after age 50;

(4) Liberalized eligibility requirements for the dependents and survivors of women workers;

(5) An increase in the annual exempt amount in the retirement test to \$1,680;

(6) Extension to all workers disabled before age 31 of the alternative insured-status test provision now provided workers disabled by blindness before age 31 for both freeze and benefit purposes;

(7) A clarification of the basic definition of disability;

(8) Additional noncontributory social security wage credits of \$100 a month for active military service;

(9) Coverage of clergymen and members of religious orders (including those under vows of poverty) automatically unless they elect to be excluded on grounds of conscience;

(10) Liberalization of the reduction of social security disability benefits for certain people also receiving workmen's compensation;

(11) A one-step increase in the contribution and benefit base to \$7,600 in 1968 (rather than three steps ultimately reaching \$10,800).

Several significant cash benefit proposals contained in H.R. 5710 were not in H.R. 12080 as passed by the House. Among these are:

(1) The \$100 special minimum benefit;

(2) Transfer of Federal employment credits;

(3) Broader coverage of agricultural employees;

(4) Cash benefits for the parents of retired and disabled workers and benefits for children who lived with and were dependent on workers who were not their parents.

H.R. 12080 also contained a number of changes in the health insurance provisions of H.R. 5710. The House-passed bill did not contain any provision for covering the disabled under Medicare.

In its report on the bill, the Committee on Ways and Means stated that a major factor in the Committee's decision not to include the Administration's recommendation was that data which first became available while the proposal was being considered indicated that the per capita cost of providing health insurance for the disabled would be considerably higher than the cost of providing it for the aged. The estimated difference between the cost of Medicare for the disabled and for the aged raised questions on the most equitable way of financing Medicare coverage—especially medical insurance coverage, half the total cost of which is met by the beneficiaries themselves. The Committee deferred action on the proposal recommending extension of Medicare to the disabled, and, instead, included in H.R. 12080 a provision under which an Advisory Council would be appointed to study the question of extending Medicare to the disabled, including ways of financing this protection. Recognizing that there was a problem with regard to the financing of medical insurance protection for the disabled, the Administration modified its recommendations in the Senate to request that hospital insurance protection be extended to the disabled immediately and that further study be made of the possible methods of financing supplementary medical insurance protection for the disabled.

Other health insurance changes in the House bill included:

(1) Addition of a provision under which the number of days of inpatient hospital services covered in a spell of illness would be increased from 90 to 120 days.

(2) Addition of new medical insurance payment procedures under which the physician, or the patient if the physician fails to submit a proper claim, could in certain circumstances be reimbursed on the basis of an unpaid, itemized bill.

(3) Addition of a provision under which the Department of Health, Education, and Welfare would be given authority to experiment with alternative methods of reimbursing hospitals under titles V, XVIII, and XIX which would provide incentives to keep costs down while maintaining quality of care.

(4) Addition of a provision under which the Secretary would be required to conduct a study of the need for, and make recommendations on, the coverage of services of additional types of health practitioners under the supplementary medical insurance program.

(5) Addition of a provision under which physical therapy services furnished to an outpatient in his

home under the supervision of a hospital would be covered under the supplementary medical insurance program.

(6) Deletion of the provision which would require the coordination of medicare reimbursement with State health facility planning.

(7) Deletion of the provision under which the prohibition against health insurance payments to Federal providers of services would be eliminated.

(8) Revision of provisions of H.R. 5710 simplifying Medicare reimbursement. The revision included provisions (a) making the medical insurance deductible and coinsurance provisions inapplicable to charges for radiology and pathology services furnished by physicians to hospital inpatients and (b) consolidating all coverage of outpatient hospital services under the medical insurance program.

Shortly after House passage of H.R. 12080 on August 17, the Chairman of the Senate Committee on Finance, Russell B. Long, announced that it would hold public hearings on the bill beginning on Tuesday, August 22. The Secretary of Health, Education, and Welfare was the first witness at these hearings. Secretary Gardner recommended the restoration in the bill of the more liberal cash benefit provisions originally proposed by the Administration, including the larger benefit increases, future step increases in the contribution and benefit base to \$10,800, and removal of the age restriction and reduction in benefits in the provision relating to disabled widows and widowers. The Secretary also urged the Committee to include a provision for making hospital insurance benefits available to disabled beneficiaries.

Public hearings on H.R. 12080 before the Finance Committee lasted until September 26 at which time the Committee went into executive sessions on the bill.

EXTENSION OF SMI GENERAL ENROLLMENT PERIOD

As consideration of H.R. 12080 by the Senate Finance Committee continued into September, concern was expressed over the effect the pending legislation might have on the premium rate for the supplementary medical insurance program (SMI) which was scheduled to be announced before October 1. If, as appeared very likely at that time, the pending legislation were not enacted before October 1, a premium rate announced in September would have had to be based on existing law. Some provision then might later

have been needed to modify the premium in order to recognize the cost of the SMI provisions under the amended law.

In the absence of a change in the October-December 1967 general enrollment period, the late enactment of the major social security legislation then pending could have had several untoward results. It could, for instance, have meant that the pending legislation could not be taken into account by persons deciding whether or not to enroll or to terminate their coverage. Many people might have failed to make their decision before the end-of-the-year deadline. Furthermore, it would not have been possible to arrange for the preparation and distribution of informational materials about the new legislation needed by potential enrollees to make an informed choice.

Consequently, on Wednesday, September 20, Representative Mills, Chairman of the House Committee on Ways and Means, introduced a bill, H.R. 13026, which made both permanent and temporary changes in the schedule for announcing the premium rate and in the general enrollment periods. The temporary provision extended to March 31, 1968, the 1967 general enrollment period, scheduled to end December 31, 1967. The Secretary could postpone announcement of the premium rate beyond October 1 but would have to announce it before January 1, 1968. The current \$3 a month premium rate would continue through March 31, 1968, with the new premium rate taking effect the following April 1. (The new premium rate of \$4 was announced on December 30, 1967.

The bill also permanently changed the dates of future general enrollment periods to January-March of each year, rather than October-December of every odd-numbered year. The premium rate announcements and effective dates were also changed to provide that the premium would be announced in December of each year, to take effect the following April 1.

After a brief hearing, the Committee deleted the permanent changes made by the bill and reported out H.R. 13026 with only the temporary changes. (The permanent changes were later incorporated into H.R. 12080.) The bill was passed by the House of Representatives by voice vote on September 27, and by unanimous consent of the Senate on the next day. It was signed as

Public Law 90-97 by President Johnson on September 30, 1967.

THE FINANCE COMMITTEE BILL

The Finance Committee's executive sessions on H.R. 12080 were conducted from October 4 to November 14, at which time the Committee bill was reported to the Senate. The Senate Finance Committee bill contained several of the cash-benefit provisions as they had been recommended by the Administration rather than as they had been modified by the House. They include:

- (1) A 15-percent benefit increase, with a \$70 minimum;
- (2) A three-step increase in the contribution and benefit base to \$8,000 in 1968, to \$8,800 in 1969, and to \$10,800 in 1972;
- (3) An increase to \$50 in the special age-72 payments;
- (4) Full-rate benefits for disabled widows and widowers regardless of age.

The Finance Committee also added a number of provisions to H.R. 12080 and made changes in others. The major additions and modifications in the cash benefits area include:

- (1) Eligibility age for benefits was lowered from age 62 to 60 for all categories of aged beneficiaries, with the benefits payable before age 62 reduced according to the principles applied to benefits payable before age 65.
- (2) An increase in the annual exempt amount of the retirement test to \$1,680 for 1968 and a further increase in the exempt amount to \$2,000 for 1969 were provided.
- (3) Child's insurance benefits were made available to a disabled son or daughter if his disability began before age 22 rather than age 18 under prior law.
- (4) Disability insurance benefits were provided for those blind persons who have at least 6 quarters of coverage, without regard to their ability to work.
- (5) A provision under which a child's benefits would not stop when the child married if the child was under age 22 and a full-time student and, in the case of a girl, if her husband was also a full-time student, was added.
- (6) Coverage was extended to domestic employment performed in an employer-employee relationship by a parent for his son or daughter in circumstances in which it may be assumed that there is a need for the parent to perform the work.
- (7) A number of modifications were made in the provisions under which State and local government employees are covered.
- (8) The provision for coverage of clergymen was

modified by deleting the proposed extension of coverage to members of religious orders who have taken a vow of poverty.

Changes in the health insurance provisions of the House-approved bill adopted by the Committee include the following:

- (1) A provision permitting benefits for physicians' services to be paid to the patient on the basis of an unpaid bill was substituted for the similar but more complex provision in the House bill.
- (2) A provision for a lifetime reserve of 60 days of inpatient hospital benefits to be available when the beneficiary has exhausted the 90 days of care covered in a "spell of illness" was substituted for a provision in the House bill that would increase to 120 the number of days of inpatient hospital care covered during a "spell of illness."
- (3) Adoption of the provision in the House bill to expand the definition of physician to include a doctor of podiatry and further expansion of the definition to include a licensed chiropractor and a doctor of optometry.
- (4) A provision to permit the beneficiary to receive partial benefits for services received in certain non-participating hospitals if the patient was admitted before 1968 and a similar provision with respect to emergency admissions occurring after 1967.
- (5) Addition of a provision to permit payment to the beneficiary for inpatient hospital services furnished in a country contiguous to the United States by a hospital not more than 50 miles from the United States border and more accessible than the nearest suitable United States hospital.
- (6) Expansion of the additional coverage of physical therapy services provided in the House bill to include coverage of outpatient physical therapy services under the SMI program when they are furnished by or under the supervision of providers of services, approved clinics or rehabilitation centers, and local public health agencies.
- (7) Addition of a provision to permit States to purchase hospital insurance coverage for State and local government employees (and their dependents aged 65 or over) who do not otherwise have such protection.
- (8) Addition of a provision under which the general enrollment periods of the SMI program would be placed on an annual basis, rather than biennial, and run from January 1 through March 31, instead of October 1 through December 31 as under the old law.
- (9) Addition of a provision, similar to one in H.R. 5710, under which the Secretary of Health, Education, and Welfare would take into account any disapproval by State agencies carrying on planning under the Partnership for Health Act of expenditures by hospitals or other health facilities for major capital items in determining the "reasonable cost" of covered services provided to individuals under titles V, XVIII, and XIX of the Social Security Act.
- (10) Expansion of the provision in the House bill for incentive reimbursement experimentation to health care organizations under titles V, XVIII, and

XIX to provide authority for experimenting with alternative reimbursement methods for physicians' services.

(11) Addition of a provision to require the Secretary to study and report to the Congress before January 1, 1969, the possible effects of enacting proposals to cover prescription drugs under Medicare and to establish, utilizing a formulary committee, quality and cost control standards for drugs provided under the Federal-State assistance programs and the hospital insurance part of Medicare.

ACTION ON THE SENATE FLOOR

On November 15, the Senate began consideration of the bill reported by the Finance Committee. During the Senate debate, which concluded on November 22, a number of amendments were adopted, including the following:

- (1) Revision of the liberalization of the retirement test to provide for a \$2,400 annual exempt amount and a \$1-for-\$2 reduction applicable to annual earnings between \$2,400 and \$3,600.
- (2) Payment of benefits to a wife or mother with an entitled child aged 18-22 in her care if that child is entitled to benefits as a full-time student and is in an elementary or secondary school.
- (3) Elimination of all substantive language clarifying the definition of disability.
- (4) Benefits for children who were legally adopted by a worker after he became entitled to disability benefits under certain conditions.
- (5) Study by the Social Security Administration on the question of providing an increase in social security benefit amounts for people who delay their retirement.
- (6) Disability benefits for a blind individual with at least 6 quarters of coverage even if he is engaging in substantial gainful activity.
- (7) Limitation on payment for drugs under the hospital insurance program (and under title XIX) to "qualified drugs," mainly those to be listed in a formulary set up by a Formulary Committee, and establishment of a "reasonable charge" basis for determining the amount of benefits payable for drugs after June 30, 1970.
- (8) Option for providers of services for reimbursement on the basis of the average per diem costs for persons of all ages (rather than on the often lower costs for beneficiaries aged 65 and over) or on another basis that would assure the provider reasonable cost but take into account the costs incurred by other institutions in the locality for comparable levels of care.
- (9) Expansion of the definition of "physician" to include a State licensed or certified psychologist.

On Wednesday, November 22, the Senate passed H.R. 12080 by a vote of 78 to 6. After the Thanksgiving recess, on December 5, the House and

Senate conferees met to settle the differences between the two versions of the bill.

The bill reported by the conferees was much closer to the House-passed bill than the bill as approved by the Senate. The conference committee agreed to a social security cash benefit increase of 13 percent with a minimum benefit of \$55 and restored various welfare provisions of the House bill that the Senate had deleted. The conference committee report was then quickly agreed to by the House of Representatives, by a vote of 388 to 3. On December 15, after 2 days of debate, the Senate approved the report by a vote of 62 to 14. On January 2, 1968, H.R. 12080 was signed by President Johnson and became Public Law 90-248.

Summary of Major Provisions: OASDI Amendments

BENEFITS

General Benefit Increase

The law provides an increase in benefit payments averaging 14 percent, with an across-the-board increase in cash benefits of at least 13 percent beginning February 1968 and an increase in the minimum primary insurance amount from \$44 to \$45. The average monthly benefit paid to all retired workers (with or without dependents) already on the rolls is increased from \$86 to \$98. The increase for a retired worker with no dependents is from \$82 to \$94, and the increase for a retired worker and his wife is from \$145 to \$164. Monthly benefits will range from the new minimum of \$55 to a maximum of \$168.40 for retired workers on the rolls in January 1968, who began to draw benefits at age 65 or later.

The increase from \$6,600 to \$7,800 (effective January 1, 1968) in the amount of annual earnings that is taxable and that can be used in the benefit computation results in an ultimate maximum monthly benefit of \$218, based on average monthly earnings of \$650. The higher maximum retirement benefit will be payable to workers who are now young and who consequently will be paying contributions on these higher amounts of earnings over a considerable period of time before

they retire. The higher earnings base will also increase benefit amounts significantly for the large proportion of older current contributors earning above \$6,600 though they will be paying on these higher amounts for a shorter time. For example, a man aged 50 in 1968 who earns \$7,800 a year until he is 65 (about one-third of the group earning above \$6,600 is aged 50 or older) will get a benefit of \$188.80 at age 65—21.8 percent higher than he could have gotten under the old law.

Special Payment to Those Aged 72 and Older

The special payments to people aged 72 and older are raised from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple.

Limitation on Spouse's Benefit

The law limits the amounts of the wife's, dependent husband's, remarried widow's, or remarried widower's insurance benefit to a maximum of \$105. This limitation does not affect anyone now on the rolls. For the wives of workers retiring at age 65 the limitation has no effect until 2001. For the wife of a young worker who becomes disabled it can have an effect beginning in 1970. For the wife of a person who works past age 65 it can have an effect beginning in 1972.

Change in Retirement Test

Effective for taxable years ending after 1967, a beneficiary can have annual earnings of \$1,680 and still get all his benefits for the year; if his earnings exceed \$1,680, \$1 in benefits will be withheld for each \$2 of annual earnings up to \$2,880 and for each \$1 of earnings thereafter. He will get benefits, regardless of the amount of his annual earnings, for any month in which he earns \$140 or less in wages and does not render substantial services in self-employment.

Dependents of Women Workers

Dependency of a child on his mother.—The law provides that a child would be deemed dependent

on his mother and could become entitled to benefits based on her earnings if at the time she died, retired, or became disabled, she was either fully or currently insured. Thus, a child could get benefits based on his mother's earnings record under the same conditions as those under which a child can become entitled to benefits based on his father's earnings. Under present law, currently insured status (coverage in six out of the last 13 quarters ending with death, retirement, or disability) is required unless the mother was actually supporting the child.

Requirements for husbands and widower's insurance benefits.—The law removes the requirement under which a dependent husband or widower may become entitled to social security benefits on his wife's earnings only if his wife is currently insured at the time she died, became disabled, or retired.

Expedited benefit payments.—The law provides for a formal method of expediting payment of retirement and survivors insurance benefits on the basis of a written request. A request can be filed only after a specified time has elapsed after the last requested evidence was submitted and, if payments are due, they will begin within 15 days after the date of the request. The provision is effective July 1, 1968.

Simplification of certain computations using pre-1951 earnings.—The law provides for a simplified method of (a) computing benefits when earnings before 1951 are included in the computation and (b) determining quarters of coverage for the period before 1951 when quarters of coverage in this period are needed to establish insured status. Under this provision, it will be possible to determine insured status and benefit amounts through electronic processes in many cases in which manual processes have been required.

Amendments to the Disability Program

Benefits for disabled widows and widowers.—The law provides that disabled widows (including divorced wives) and disabled dependent widowers of insured workers will be eligible after attain-

ment of age 50 for reduced benefits, with the amount depending on the age at which entitlement begins. A disabled widow or widower entitled to benefits at age 50 will receive a monthly benefit amounting to 50 percent of the spouse's primary insurance amount. Where entitlement begins at a later age the monthly benefit amount will range from up to 71½ percent of the primary insurance amount at age 60 (the same proportion that is received by the widow who chooses to receive actuarially reduced aged widow's benefits at that age) to 82½ percent of the primary insurance amount at age 62 (the same proportion as the full-rate benefit payable to the aged widow or widower at that age). The widow or widower must have become totally disabled before or within 7 years after the spouse's death, or, in the

Major Accomplishments Social Security Amendments of 1965 and 1967

1. Total social security benefits, including Medicare payments, rose from an annual rate of about \$17 billion to an annual rate of about \$30 billion—an increase of about 75 percent.

2. Medicare was created. It now provides hospital insurance for 19½ million people aged 65 and older, and supplementary medical insurance for 17.9 million.

3. Cash benefits were increased an average of 23 percent.

4. The value of benefits, when Medicare is also counted, increased 35 percent for the average beneficiary.

5. The minimum cash benefit payable at age 65 increased 37.5 percent—from \$40 to \$55.

6. The amount of earnings a beneficiary can have in a year without causing the withholding of any benefits increased 40 percent—from \$1,200 to \$1,680.

7. Annual earnings creditable for social security purposes increased 63 percent—from \$4,800 to \$7,800.

8. The ultimate maximum cash benefit for a worker contributing on the basis of higher creditable earnings increased 72 percent—from \$127 to \$218.

9. Whole new categories of beneficiaries were added. These included students 18 to 22, disabled widows and widowers at age 50, and certain persons 72 and older. A total of 2,123,000 beneficiaries was added by the 1965 and 1967 amendments: 1,658,000 by the 1965 legislation (this figure includes 730,000 entitled under a provision enacted in 1966), and 465,000 by the 1967 legislation.

case of a widowed mother, before or within 7 years after the end of her entitlement to benefits as a mother. The 7-year period will protect widows and widowers until they have had a reasonable opportunity to work long enough to be insured for disability benefits through their own earnings.

The test of disability for disabled widows and widowers is somewhat more restrictive than for disabled workers and childhood disability beneficiaries. Determinations of disability in the case of a widow or widower will be made solely on the level of severity of a medically determinable impairment (without regard to such factors as age, education, and work experience, which are considered in disabled worker cases). The disabling impairment must be of a level of severity which under regulations prescribed by the Secretary is deemed to be sufficient to preclude an individual from engaging in any gainful activity (as distinguished from "substantial gainful activity"). Once an individual meets the initial test and is found disabled, he would be considered disabled as long as his impairment precluded his engaging in substantial gainful activity.

Insured status for workers disabled while young.—The law extends to all workers disabled before age 31—regardless of the nature of their disability—the alternative insured-status requirement provided under previous law for workers disabled by blindness before age 31. Under this alternative, any worker disabled after attaining age 24 and before age 31 will be insured for disability benefits if he has quarters of coverage in at least half the calendar quarters elapsing after attainment of age 21 and up to and including the quarter of disablement. Any worker disabled before age 24 will be insured if he has quarters of coverage in at least half the 12 quarters ending with the quarter of disablement.

Liberalized definition of blindness.—The law substitutes for disability-freeze purposes the less strict definition of blindness used in the Internal Revenue Code (central visual acuity of 20/200 or less, commonly called "industrial blindness") for the present statutory definition of blindness (central visual acuity of 5/200 or less). This definition of blindness will also apply for benefit purposes in the case of the blind worker who is aged 55 or over and who can meet the alternative

(occupational-type) definition of disability. The worker under age 55 who is industrially blind and able to establish disability for freeze purposes on this basis will still have to meet the regular definition of disability—inability to engage in any substantial gainful activity—for benefit purposes.

Extension of retroactivity of disability applications.—The law allows 36 months (instead of 12 as previously allowed for disability applications) after termination of disability for the filing of a disability-freeze application by an individual whose mental or physical incapacity was the reason for his failure to file a timely application. Applications filed by or on behalf of such individuals within the extended period would not result in additional retroactive benefits but would permit the time during which the individual was disabled to be disregarded in subsequent determinations of whether they are insured for social security benefits or of the amount of such benefits.

Definition of disability.—The law retains the present definition of disability for workers and adults disabled since childhood and adds language that clarifies the definition. It specifies that to be found disabled an individual must have an impairment so severe that he is unable to engage in any kind of substantial gainful work that exists in the national economy. This means work that exists in significant numbers in the region in which he lives or in several regions of the country, but without regard to whether a specific job vacancy exists for him, or whether he would be hired if he had applied for work. The clarifying language will better enable the courts to interpret the law in accordance with the intent of Congress. This more detailed definition of disability is consistent with existing regulations and policy. The effect of the amendment is to provide a statutory basis for these regulations and policies, thus helping to assure uniform evaluation of disability.

Disability benefits affected by the receipt of workmen's compensation.—The law amends the provisions that limit the amount of social security benefits that can be paid to a disabled worker and his family when he is also eligible for workmen's

compensation. In some cases, social security disability benefits are reduced by the amount by which the combined social security and workmen's compensation benefits exceed 80 percent of the disabled worker's average monthly earnings during his 5 consecutive years of highest covered earnings after 1950. Under previous law, this average did not reflect that part of his earnings in excess of the social security earnings base. Thus, for a disabled worker whose actual earnings in covered work during his highest 5-year period exceeded the earnings base, the reduction could result in combined benefits of considerably less than 80 percent of his actual previous earnings. The amendment provides for inclusion of earnings in excess of the earnings base in computing the average earnings over the highest 5-year period for purposes of determining the amount of combined benefits that can be paid.

COVERAGE

Coverage of Clergyman

The services that a clergyman, Christian Science practitioner, or member of a religious order (except a member who has taken a vow of poverty) performs in the exercise of his profession will be covered automatically under the self-employment provisions unless, within specified time limits, he submits a statement that he is opposed to having his professional services covered under social security or other public insurance on grounds of religious principles or conscience. Clergymen who elected coverage under previous law will continue to be covered.

Additional Wage Credits for Servicemen

The covered earnings of a person on active duty in the uniformed services (including active duty for training) will be deemed to be \$300 more than his basic pay in a calendar quarter, except that the deemed additional covered earnings will be \$100 when his basic pay in a calendar quarter is \$100 or less, and \$200 when his basic pay in a quarter is over \$100 but is not over \$200. The deemed additional covered earnings are intended to take into account the fact that the regular con-

tributory social security coverage of a serviceman reflects only his basic pay and does not include certain cash increments or the substantial value of payments in kind, generally counted as wages in other covered employment. The social security trust funds will be reimbursed from general revenues for the additional cost of paying the benefits resulting from this provision.

Retirement Income of Retired Partners

Certain partnership income of retired partners will no longer be taxed or credited for social security purposes. The provision specifies certain conditions that must be met to assure that the income is in fact retirement income.

Exemption From Social Security Tax for Members of Religious Sects

The time is extended for filing for exemption from the social security self-employment tax by members of religious sects (mainly, the Old Order Amish) conscientiously objecting to insurance. Those who had self-employment income for taxable years ended before December 31, 1967, have until December 31, 1968, to file for exemption. For those who first receive self-employment income in a taxable year ending on or after December 31, 1967, an application for exemption will be timely if filed by the due date for the income tax return for the year in question; it will also be valid if filed within 3 months following the month in which the person is notified by the Internal Revenue Service that a timely application has not been filed.

Family Employment

Domestic service by a parent in the employ of his son or daughter is covered when it may be assumed that there is a need for the parent to perform the work. The employment will be covered in a calendar quarter if the employer has in his home a son or daughter who is under age 18 or has a physical or mental condition that requires the personal care of an adult for at least 4 continuous weeks in the quarter, and the em-

ployer either is widowed or divorced, and has not remarried, or has a spouse in the home who is incapable of caring for the employer's son or daughter for at least 4 continuous weeks in the quarter.

Exclusion of Certain Payments under Employer-Established Plans

Payments made to an employee or any of his dependents are excluded from the definition of wages, for social security credits and tax purposes, if (a) the payments are made pursuant to an employer plan; (b) the payments begin upon or after the termination of the employee's employment; and (c) the termination was because of death, or retirement for disability or at an age specified in a plan of the employer. The exclusion does not apply to any payment which would have been made even if the employment relationship had not been terminated, or to any payment made upon or after termination of employment, if such termination is for any reason other than death, or retirement because of age or disability.

State and Local Government Employees

Several improvements were made in the coverage of State and local government employees. These changes include (1) providing for compulsory coverage (under the self-employment provisions) of employees compensated solely on a fee basis, if the State does not cover them; (2) adding Illinois to the States that may extend coverage under the "divided retirement system" and Puerto Rico to the States that may cover policemen and firemen who are under a State or local retirement system; and (3) providing for the coverage of firemen, on a restricted basis, in the States where such coverage is not otherwise permitted.

Other Cash Benefit Changes

Benefits for child adopted by surviving spouse.—The law provides that a child adopted by the surviving spouse of a worker may qualify for benefits on the worker's earnings record if adop-

tion proceedings had begun before the worker died, even if the adoption is not completed within 2 years after the worker's death.

Benefits for child adopted by disabled worker.—The law provides that a child who was legally adopted by a worker after he became entitled to disability benefits may receive child's benefits if all the following conditions are met: (1) the adoption was supervised by a child-placement agency; (2) the adoption was decreed by a court of competent jurisdiction within the United States; (3) the adopting parent had continuously resided in the United States for at least 1 year before the date of adoption; and (4) the child was under age 18 when the adoption took place.

Overpayments.—The law provides that, when the person who received an overpayment is alive, the overpaid benefits may be recovered by requiring the beneficiary to refund the overpayment or by withholding the benefits payable to him or to any other person entitled to benefits on the same earnings record. (Under present law this is specifically authorized only in death cases.) In addition, any beneficiary who is liable for repayment of an overpayment, whether such payment was made to him or to another person, will be able to qualify for waiver of recovery of the overpaid amount if he is without fault, and if he meets the other conditions prescribed in the law.

Under another provision, benefits paid on the basis of erroneous official reports of death issued by the Department of Defense would be lawful payments for months before the reports are corrected.

Underpayments.—The law provides that payment of any amounts due an individual under the cash benefits program that are not paid before his death are to be made in the following uniform order to: (1) Spouse living with the deceased individual at the time of his death or spouse not living with him but entitled to benefits on the same earnings record, (2) child entitled to benefits on the same earnings record, (3) parent entitled to benefits on the same earnings record, (4) spouse who was neither entitled to benefits on the same earnings record nor living with the deceased individual, (5) child not entitled to benefits on

the same earnings record, (6) parent not entitled to benefits on the same earnings record, and (7) legal representative of the individual's estate, if any.

Limitation on payment of benefits to aliens outside the United States.—Under the old law, an alien who was outside the United States for 6 consecutive months had his benefits withheld under certain conditions. The new law changes this provision so that, for purposes of the 6-month provision, an alien who is outside the United States for more than 30 days will be considered outside the United States until he returns to the United States for 30 consecutive days. As under the old law, once the 6-month period has elapsed and benefits have been suspended, a person would have to return to the United States for a full calendar month in order for his benefits to be resumed.

The new law also provides that the 10-year-residence and 40-quarters-of-coverage exceptions to the alien nonpayment provisions will not apply after June 1968 to any alien who is a citizen of a country that has a social security system of general applicability under which benefits would not be paid to United States citizens who are living outside that country. (Payment will continue to be made under certain circumstances to a person who is a citizen of a country that has no generally applicable social security system.)

In addition, benefits will not be payable for months after June 1968 to an alien living in a country in which the Treasury ban on payments is in effect with respect to benefits for that month. Any amounts accumulated through June 1968 for aliens who are living in countries where payment cannot be made will be limited to benefits for a 12-month period and will not be payable to anyone other than the person from whom they have been withheld or a survivor who is entitled to benefits on the same earnings record.

Summary of Major Provisions: Health Insurance

METHOD OF PAYMENT TO PHYSICIANS UNDER SMI

The two methods for payment of charges by physicians (and others whose services are covered

under the medical insurance program on a reasonable charge basis) provided for under the Social Security Amendments of 1965 have been retained with but one change: The new law eliminates the requirement that the beneficiary must pay the physicians' charges before he can be reimbursed under the program. Thus, the law permits payment either to the patient on the basis of an itemized bill (which can be either paid or unpaid) or to the physician under the assignment method.

ADDITIONAL DAYS OF HOSPITAL CARE

For services furnished after December 31, 1967, the law provides that each Medicare beneficiary will have a lifetime reserve of 60 days of added coverage of hospital care after the 90 days covered in a "spell of illness" have been exhausted. Coinsurance of \$20 per day will be applicable to these added days of coverage.

INCENTIVE REIMBURSEMENT EXPERIMENTATION

The law authorized the Secretary of Health, Education, and Welfare to experiment with various methods of reimbursement to organizations and physicians under Medicare, Medicaid, and the child health programs that would provide incentives for limiting costs of the programs while maintaining quality care. The experiments would involve only those physicians and organizations that volunteer to participate in such experiments. No experiments will be initiated until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the possibilities of securing productive results.

SIMPLIFICATION OF REIMBURSEMENT TO HOSPITALS FOR CERTAIN SERVICES

For services furnished after March 31, 1968, the law (1) provides that the full reasonable charges (no deductible or coinsurance payments) will be paid under the SMI program for covered radiology and pathology services furnished by physicians to hospital inpatients; (2) consolidates all coverage of outpatient hospital services under

SMI by transferring coverage of outpatient hospital diagnostic services from the hospital insurance program to SMI.

INCLUSION OF PODIATRISTS' SERVICES

The new law covers beginning January 1, 1968, the services of doctors of podiatry or surgical chiropody under the SMI program. Routine foot care whether performed by a podiatrist or a doctor of medicine is, however, excluded from coverage.

SERVICES IN NONPARTICIPATING HOSPITALS

The law provides limited coverage for inpatient services (whether or not emergency services) furnished to beneficiaries admitted before 1968 to qualified nonparticipating hospitals; under this provision, benefits equal to 60 percent of the room and board charges plus 80 percent of the ancillary charges will be paid directly to the individual. A similar provision relating to hospital admissions on or after January 1, 1968, applies to payment for emergency inpatient services in cases where the hospital does not choose to bill the program for all such services furnished to beneficiaries during the year.

OUTPATIENT PHYSICAL THERAPY SERVICES

For services furnished after June 30, 1968, the law covers, under the SMI program, outpatient physical therapy services furnished by physical therapists employed by or under agreement with and under the supervision of hospitals and other providers of services, as well as approved clinics, rehabilitation centers, and public health agencies. Such services will be covered whether or not the patient is homebound.

SMI ENROLLMENT PERIODS

The law places the general enrollment periods for the SMI program on an annual basis to run, beginning in 1969, from January 1 through March 31. During December of each year, the Secretary of Health, Education, and Welfare will determine and promulgate the premium rate to be applicable for the 12-month period beginning with the fol-

lowing July 1. Persons wishing to disenroll may do so at any time. Such disenrollment will not take effect, however, until the close of the calendar quarter following the quarter in which the notice of disenrollment is filed.

SMI UNDERPAYMENTS

The law authorizes the Secretary of Health, Education, and Welfare to settle claims for unpaid medical insurance benefits in cases where the beneficiary dies and the bill for covered services has not been paid. In such cases, payment would be made to the physician (or other provider of health services), but only if the physician (or other provider of services) agrees to accept the reasonable charge for the services as his full charge.

The law also provides that amounts that are due an individual under the medical insurance program and not paid before his death would be paid first to the person who paid for the services. If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate, if there is one. Then the law provides that the following uniform order of payment (similar to that for cash benefits) be followed: (1) Spouse living with the deceased individual at the time of his death or spouse not living with him but entitled to benefits on the same earnings record, (2) child entitled to benefits on the same earnings record, (3) parent entitled to benefits on the same earnings record, (4) spouse who was neither entitled to benefits on the same earnings record nor living with the deceased individual, (5) child not entitled to benefits on the same earnings record, (6) parent not entitled to benefits on the same earnings record, and (7) legal representative of the individual's estate, if any.

Financing Changes

The favorable long-range actuarial balance of 0.74 percent of payroll that the previous program had under the revised cost estimates for the program as amended in 1965 was sufficient to finance a substantial part of the cost of the cash benefit improvement under the new law. The remaining cost of the cash benefit provisions and the cost of the hospital insurance provisions will be financed

by: (1) an increase in the contribution and benefit base from \$6,600 to \$7,800 (effective January 1, 1968) and (2) a revised contribution rate schedule for the cash benefits.

The contribution rate schedule under the law is shown in table 1. The contribution rate increases provided for by the 1967 amendments will be slight. There will be no increase in the total contribution rate (4.4 percent each for employees and employers) for 1968, and the rate for 1969 will actually be reduced—from the 4.9 percent previously scheduled to 4.8 percent for employees and employers, each. The ultimate contribution rate for cash benefits will be increased from 4.85 percent to 5.0 percent beginning in 1973, and the ultimate rate for hospital insurance will be increased from 0.80 percent to 0.90 percent beginning in 1987—a total increase of only one-fourth of 1 percent over the contribution rate scheduled under prior law. The cash benefits part of the social security program, as amended by the 1967 amendments, has a positive actuarial balance of 0.01 percent of taxable payroll, and the hospital insurance part has a positive actuarial balance of 0.03 percent. The changes in SMI under this law also account for part of the premium increase from \$3 to \$4 that was announced December 30, 1967. About 23 cents of the \$1 increase was for this change in SMI benefits. (For a detailed description of the financial basis of the social security amendments, see the article that follows.)

In commenting on the legislation, Wilbur D. Mills, Chairman of the House Committee on Ways and Means, stated on September 27, 1967:

The Committee on Ways and Means has recently completed a most exhaustive reexamination of the contributory wage-related social security program. The program is actuarially and financially sound. Moreover, the revisions incorporated in the House-passed bill not only increase the present benefits for both older retired persons and the future benefits of younger persons now contributing to the program but strengthen both the wage-related and contributory features of the program.

Senator Russell B. Long, Chairman of the Senate Committee on Finance, also endorsed the financing of the program in his statement of December 13, 1967, when he said:

The conferees worked long and hard to make absolutely certain that the social security system is without question financed on an actuarially sound basis.

TABLE 1.—Contribution tax schedule under the new law

[Percent]			
Period	Total	OASDI	HI
Employer-employee (each)			
1968.....	4.4	3.8	0.6
1969-70.....	4.8	4.2	.6
1971-72.....	5.2	4.6	.6
1973-75.....	5.65	5.0	.65
1976-79.....	5.7	5.0	.7
1980-86.....	5.8	5.0	.8
1987 and after.....	5.9	5.0	.9
Self-employed			
1968.....	6.4	5.8	0.6
1969-70.....	6.9	6.3	.6
1971-72.....	7.5	6.9	.6
1973-75.....	7.65	7.0	.65
1976-79.....	7.7	7.0	.7
1980-86.....	7.8	7.0	.8
1987 and after.....	7.9	7.0	.9

Special Studies

Advisory Council Study of Health Insurance for the Disabled

The law establishes an advisory council, to be appointed in 1968, to study the question of providing health insurance protection for the disabled under title XVIII, and to report its findings, together with its recommendations on how such protection should be financed, to the Secretary of Health, Education, and Welfare not later than January 1, 1969.

Study of Retirement Test and Drug Proposals

The law requires the Secretary to study (a) the existing retirement test and proposals for its modification (including proposals for an increase in retirement benefits on account of delayed retirement), and (b) proposals to establish quality and cost standards for drugs for which payments are made under the Social Security Act and to cover drugs under the supplementary medical insurance program. The Secretary is required to report his findings and recommendations to the President and the Congress by January 1, 1969.

Study of Coverage of Services of Health Practitioners

The law requires the Secretary to study the need for the extension of coverage under the SMI program to the services of additional types of

personnel who engage in the independent practice of furnishing health services and to make recommendations to the Congress before January 1, 1969.

Summary of Major Public Welfare Amendments

WORK-INCENTIVE PROGRAM FOR AFDC FAMILIES

The amendments establish for families receiving AFDC payments a new work-incentive program to be administered by the Department of Labor. The State welfare agencies are to determine which families are to be referred, but such referrals are not to include (1) children under age 18 or going to school; (2) any one with illness, incapacity, advanced age, or remoteness from a project that precludes effective participation or training; or (3) persons whose presence in the home is required because of the illness or incapacity of another member of the household.

Under this program, State welfare agencies will refer to work and training projects all persons whom they consider to be "appropriate" except those specifically excluded under the law. Appeal procedures are provided.

The welfare agency is to assure necessary child-care arrangements for the children involved in the referrals. An individual who wishes to participate in such work or training will be considered for assignment and, unless specifically disapproved, be referred to the program.

This program provides for the use of all available manpower services to facilitate the employment or training of individuals in the regular economy or their participation in special work projects. Welfare agencies are to be responsible for providing financial aid and health care, making arrangements for child care, and providing various supportive social services to the families involved.

EARNINGS EXEMPTION IN AFDC

The amendments include a provision requiring the States to disregard in calculating assistance payments the first \$30 a month and one-third of all additional amounts earned by adults in the family. The earned income of each child recipient

who is a full-time student or a part-time student not working full time is excluded in determining the family's need for assistance.

CHILDREN OF UNEMPLOYED FATHERS

The law provides that under State programs for aid to families with dependent children of unemployed parents, Federal matching will be available only for the children of unemployed fathers. The Secretary of Health, Education, and Welfare is to prescribe standards for determining what constitutes unemployment.

CHILDREN OF ABSENT PARENTS

The amendments set a limitation on Federal participation in AFDC that is based on the proportion of the child population under age 18 aided because of the absence of a parent from the home. After June 30, 1968, Federal participation in payments for children of absent parents will be available only for the number bearing the same relation to the total child population under age 18 in the State at the beginning of the year that the number aided in the first quarter of 1968 bore to the total population under age 18 as of January 1, 1968.

EMERGENCY ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN

The law authorizes Federal financial participation in the provision of temporary emergency assistance for 30 days for a child under age 21 and his family. This emergency assistance can be in any form—medical aid, money, payment of rent, utilities, food, or clothing.

EXPANSION OF SOCIAL SERVICES

The amendments call for an expansion of social services. Under the law, the States are required to establish a social service program for each child and for each relative in the AFDC family. Previous law required a plan for the child only.

The law permits welfare agencies to purchase social services from other than State agencies. The social services that may be purchased include not only child-care services for the AFDC program but also homemaker and rehabilitation serv-

ices for recipients of aid to the blind, old-age assistance, and aid to the permanently and totally disabled.

USE OF SUBPROFESSIONAL STAFF

A new provision requires the States, effective July 1, 1969, to train and use subprofessional staff, with particular emphasis on the use of welfare recipients and other persons of low income, as community service aides for jobs in the public assistance, child welfare, and child health programs. The law also directs the States to use volunteers both in providing services and in assisting advisory committees.

Other provisions in the law assure the involvement of parents in day-care programs. In addition, day-care standards in the child welfare services programs are to be made applicable to day care provided AFDC children.

SOCIAL WORK MANPOWER

The amendments authorize Federal funds for grants to public or nonprofit private colleges and universities and to accredited graduate schools of social work to meet part of the cost of developing, expanding, or improving undergraduate programs in social work and programs for the graduate training of professional social work personnel.

INCOME EXEMPTION

The law extends the provision enacted in 1965 that allows States to exempt up to \$5 a month of any type of income in determining eligibility of assistance recipients and the amount of their assistance payment. Under this provision, the States have the option of exempting up to a total of \$7.50 a month for the aged, the blind, and the permanently and totally disabled.

MEDICAL ASSISTANCE CHANGES

The amendments set a limit on Federal participation in the State medical assistance programs under title XIX. In setting income levels for Federal matching purposes, the States are limited to 133 $\frac{1}{3}$ percent of the payment level under aid to families with dependent children. This provision does not affect Federal matching for medical care

for all those who are receiving or eligible to receive cash assistance or who would be eligible if not institutionalized.

The law now requires that States must place assistance recipients only in those licensed nursing homes that meet safety, sanitation, and other standards for improved care. As a further step in upgrading care, the licensing of nursing-home administrators is also required.

A provision of the new law makes Federal matching funds available for institutional care that provides more than board and room but less than skilled nursing care.

CHILD WELFARE AUTHORIZATIONS

The amount authorized for grants to the States for child welfare services is increased by the amendments from \$55 million to \$100 million for the fiscal year 1969 and from \$60 million to \$110 million for later years. Emphasis is to be placed on improvements in foster care. The law also moves the provisions for child welfare services from title V of the Social Security Act to title IV where they form a new part B.

CHILD HEALTH PROVISIONS

Increase in Authorization

Under the amendments, the authorizations for grants to the States for child health under title V of the Social Security Act have been raised to the following amounts:

<i>Fiscal year</i>	<i>Authorization</i>
1969 -----	\$250,000,000
1970 -----	275,000,000
1971 -----	300,000,000
1972 -----	325,000,000
1973 and thereafter -----	350,000,000

The law consolidates the separate child health authorizations under previous law into a single authorization with three general categories. Beginning 1969, 50 percent of the total authorized will be for formula grants, 40 percent for project grants, and 10 percent for research and training. By 1972 the States must take over responsibility for the project grants, and 90 percent of the total authorization will then go to the States as formula grants.

Family Planning Services

Under the new law, at least 6 percent of the amounts appropriated for the maternal and child health programs are to be available for family planning services. States are now required to offer such services to AFDC recipients, and Federal matching funds are available for this purpose.

Other Child Health Provisions

The new law authorizes support of up to 75 percent of the cost of projects to provide comprehensive dental health services for children of low-income families. State plans must also provide for the early identification and treatment of crippled children through intensified case-finding and periodic screening of school children. In addition, the law specifically calls for services to reduce

infant mortality and otherwise promote the health of mothers and children.

Presidential Commission

On January 2, 1968, at the time he approved the new law, President Johnson appointed a Commission on Income Maintenance Programs—under the chairmanship of Ben W. Heineman, chairman and chief executive officer of the Chicago and North Western Railway Company—to look into all aspects of existing welfare and related programs. The Commission has been instructed to make recommendations for constructive improvements, wherever needed and indicated. The President has stated that “we must examine any and every plan, however unconventional, which could promise a constructive advance in meeting the income needs of all the American people.”

THE SOCIAL SECURITY AMENDMENTS OF 1967—
PUBLIC LAW 248, 90TH CONGRESS

(Includes amendments to Social Security Act made by Public Law
90-364, enacted June 28, 1968)

BRIEF SUMMARY OF MAJOR PROVISIONS AND
DETAILED COMPARISON WITH PRIOR LAW

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*



JULY 15, 1968

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(II)

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THE SOCIAL SECURITY AMENDMENTS OF 1967: SUMMARY OF MAJOR PROVISIONS

Old-Age, Survivors, Disability, and Health Insurance

1. BENEFIT INCREASE

The 1967 amendments provide for a 13-percent increase in benefit payments for persons currently receiving benefits. The minimum benefit (payable when benefits start at age 65) is increased from \$44 a month to \$55. The amount of earnings subject to tax and also used in the computation of benefits is increased from \$6,600 to \$7,800 in 1968.

The legislation provides for the increased benefit to be first payable for the month of February 1968 (payable in March). It is estimated that 22.9 million people received the increase in benefits and that more than \$3 billion in additional benefits will be paid in the first 12 months under this provision.

2. SPECIAL BENEFITS FOR PERSONS AGE 72

The amount of the special payment which is made to persons age 72 and over who are not insured for regular cash benefits is increased from \$35 to \$40 a month for a single person and from \$52.50 to \$60 a month for a couple. The increased amount is first payable for February 1968. It is estimated that over 900,000 people will get new or increased benefits under this provision.

3. RETIREMENT TEST

There is an increase from \$1,500 to \$1,680 in the amount of annual earnings a beneficiary under age 72 can have without having any benefits withheld. Provision is made for an increase from \$125 to \$140 in the amount of monthly earnings a person can have and still get a benefit for the month regardless of his annual earnings. \$1 in benefits will be withheld for each \$2 in earnings between \$1,680 and \$2,880, and \$1 in benefits for each \$1 in earnings above that amount. The provision is effective for earnings in 1968. It is estimated that about 760,000 people will receive approximately \$175 million in additional benefits for 1968.

The Secretary of Health, Education, and Welfare is required by the amendments to study the existing retirement test and proposals for its modification.

4. BENEFITS FOR DISABLED WIDOWS AND WIDOWERS

The amendments provide for reduced monthly benefits for certain disabled widows and widowers of deceased workers who are between the ages of 50 and 62. A widow or widower would be considered disabled only if the disability is one that would preclude any gainful activity. Benefits are first payable for February 1968. It is estimated that about 65,000 disabled people will be made eligible for benefits and about \$60 million in benefits will be paid during the first 12 months under this provision.

5. ADDITIONAL DISABILITY INSURANCE PROVISIONS

The amendments provide for a more detailed definition of disability than that in prior law: they liberalize the definition of blindness; they liberalize the insured status provisions for workers who become disabled before the age of 31.

6. COVERAGE PROVISIONS

Clergymen are permitted to elect not to be covered if they are opposed to coverage on the basis of conscience or religious principle: noncontributory wage credits (in addition to present contributory coverage) of \$100 a month are provided for military service after 1967; coverage is extended to some employment of a parent in the home of a son or daughter; other provisions affect the coverage of certain State and local employees.

7. MEDICARE—TITLE XVIII

The amendments provide for a lifetime reserve of 60 days of hospital care after the 90 days covered in a "spell of illness" have been exhausted, with a \$20 a day coinsurance provision; payment for a physician's services to the patient based on an unpaid bill (under prior law the bill had to be paid); payment of full reasonable charges (prior law authorized only 80 percent) for radiological and pathological services to hospital inpatients; payment for diagnostic X-rays made in a patient's home or in a nursing home; payment for services in nonparticipating hospitals under certain conditions; payment for physical therapy services furnished by physical therapists under the direction of hospitals or other approved agencies; liberalizations in treatment of emergency hospital services; and the establishment of an advisory council to study the question of providing health insurance protection for the disabled under the medicare program. The Secretary of Health, Education, and Welfare is directed to study (1) a proposal which would provide coverage of prescription drugs under Medicare and a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under various programs of the Social Security Act; and (2) the feasibility of covering the services of additional types of health practitioners. The amendments provide for a number of additional miscellaneous changes in the Medicare program.

Public Welfare

1. WORK INCENTIVE PROGRAM FOR AFDC RECIPIENTS

State welfare agencies are to refer appropriate adult members of families (with certain exceptions) who are receiving Aid to Families with Dependent Children to work and training programs operated by the Department of Labor. The Department of Labor, through the U.S. employment offices, will meet the employment needs of persons referred to it by three approaches. In the first instance, all those who are immediately employable will be moved into regular employment. Secondly, those who need training will be given suitable training and will then be referred to regular employment. Thirdly, the employment office will make arrangements for special work projects to employ those for whom no jobs can be found in the regular economy or for whom training is not suitable. The projects must be arranged by the employment office with public agencies or nonprofit private agencies organized for a public service purpose. Persons working in these projects must receive at least the minimum wage if the work they perform is covered under a minimum wage statute. Workers will be guaranteed amounts at least equal to their welfare grants plus 20 percent of their wages. Day care (under standards established by the Children's Bureau) must be provided for the children of mothers who are determined by welfare agencies to be appropriate for work or training. The Federal government will pay 80 percent of the cost of training under the program, and the States will pay 20 percent in cash or in kind.

2. EARNINGS EXEMPTION

The amendments require the States to exclude the first \$30 of earned income plus one-third of the remainder in computing a family's income for purposes of determining payments under the Aid to Families with Dependent Children program. Earned income of child recipients who are full-time students or who are part-time students not working full time would be totally excluded.

3. AID TO FAMILIES WITH DEPENDENT CHILDREN OF UNEMPLOYED FATHERS

The amendments provide for a Federal definition of unemployment for States which have AFDC-UF programs.

4. LIMIT ON FEDERAL MATCHING FOR AFDC

The amendments provide that for purposes of Federal matching the proportion of all children under age 18 who are receiving AFDC payments on the basis of a parent's absence from the home in each State as of January 1, 1968, cannot be exceeded after June 30, 1968—postponed to June 30, 1969, under Public Law 90-364.

5. EMERGENCY ASSISTANCE

Provision is made for Federal matching for up to 30 days of emergency assistance during a 12-month period to a child and his family. This assistance can be extended to migrant families.

6. HOME REPAIRS

Federal matching is allowed for repairs (up to \$500) to homes of cash assistance recipients if such repair will assure the recipient the continued use of his home and provide housing at less cost than rent for suitable accommodations.

7. SERVICES FOR CHILDREN

Child welfare services and services to children receiving AFDC are to be provided by the same organizational unit at the State and local level with certain exceptions for existing arrangements. The authorization for child welfare services is increased from \$55 million to \$100 million for fiscal year 1969, and from \$60 million to \$110 million for later years.

8. "PASS ALONG" PROVISION

States have the option of exempting up to \$7.50 a month of any type of income for the aged, blind, and the disabled in determining eligibility and the amount of assistance under the cash assistance programs.

9. MEDICAID

States are limited in setting income levels for Federal matching purposes to 133⅓ percent of the AFDC payment level. For those States with programs already in effect the percentage is 150 for the period July-December 1968 and 140 for calendar year 1969. This limit does not affect persons who are receiving or are eligible for cash welfare assistance. Other Medicaid amendments relate to the coordination of Medicaid and the supplementary medical insurance program under Medicare, free choice of medical practitioners and facilities for Medicaid recipients, choice of services which the States may provide under Medicaid, provision for deductibles or cost sharing under State programs, and other miscellaneous provisions.

10. STANDARDS FOR SKILLED NURSING HOMES UNDER MEDICAID

Effective July 1970 the States will have to place Medicaid recipients only in those licensed nursing homes which meet specified standards. The States are also required to have a professional medical audit program under which periodic medical evaluations will be made of the appropriateness of the care provided to Medicaid patients in nursing homes, mental hospitals and other institutions. Effective July 1968, no Federal matching can be made for payments to a nursing home which, even though licensed, does not meet State licensing requirements.

11. FEDERAL MATCHING FOR INTERMEDIATE CARE SERVICES

Provision is made for Federal matching for vendor payments in behalf of persons who qualify for Old Age Assistance, Aid to the Blind, or Aid to the Permanently and Totally Disabled, and who are living in facilities which provide care which is more than that of boarding houses, but less than in a skilled nursing home. The rate of Federal sharing is the same as under Medicaid.

12. LICENSING OF NURSING HOME ADMINISTRATORS UNDER MEDICAID

States must license administrators of nursing homes in order to qualify for Federal matching under Medicaid.

13. MATERNAL AND CHILD HEALTH

There is a single authorization for child health programs, increasing from \$250 million in 1969 to \$350 million in 1973 and thereafter. An earmarking of 6 percent is made for family planning services. Special project grants are authorized to (a) reduce the incidence of mental retardation and other handicapping conditions caused by complications associated with childbearing; (b) promote the health of children and youth of school and preschool age; and (c) provide dental care and services to children. Responsibility for these projects will be transferred to the States after July 1972.

14. SOCIAL WORK MANPOWER

The amendments authorize \$5 million for four years for grants to public or nonprofit private colleges and universities and accredited graduate schools of social work, or associations of such schools, to meet part of the costs of improvement or expansion of social work programs and the training of personnel.

15. OTHER PUBLIC WELFARE PROVISIONS

The amendments also have provisions relating to the AFDC program for the location of absent parents, family planning, foster home care for dependent children, protective or vendor payments, and others.

THE SOCIAL SECURITY AMENDMENTS OF 1967: DETAILED COMPARISON WITH PRIOR LAW

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

I. COVERAGE

Item	Prior law	Law as amended by Public Law 90-248
A. Self-employed-----	<p><i>Covers</i> all self-employed if they have net earnings from self-employment of \$400 a year except that certain types of income, including dividends, interest, sale of capital assets and rentals from real estate are not covered unless received by dealers in real estate and securities in the course of business dealings.</p> <p>Permits exemption from the social security self-employment tax of individuals who have conscientious objections to insurance (including social security) by reason of their adherence to the established tenets or teachings of a religious sect (or division thereof) of which they are members.</p> <p>Generally, applications for exemption were required to be filed on or before Apr. 15, 1966, in the case of those taxpayers with self-employment income for 1964 or any prior year. Taxpayers first deriving self-employment income in 1965 or any subsequent year are required to file applications on or before the due date (including any extension) of the income tax return for such first year.</p>	<p>No change.</p> <p>A member of a religious sect which is opposed to social insurance may file an application for exemption from the self-employment tax by Dec. 31, 1968, if the person has self-employment income for years ending before Dec. 31, 1967. If he first receives self-employment income in later years, the application would be timely if filed by the due date for the income tax return for the year in question. However, in the latter case, valid application may be filed within 3 months following the month in which the person is notified in writing by the Internal Revenue Service that a timely application has not been filed.</p>
1. Ministers-----	<p><i>Covers</i> duly ordained, commissioned, or licensed ministers, Christian Science practitioners, and members of religious orders (other than those who have taken a vow of poverty) serving in the United States, and those serving outside the country who are citizens and either working for U.S. employers or serving a congregation predominantly made up of U.S. citizens. Coverage is available under the self-employment coverage provisions on an individual voluntary basis regardless of whether they are employees or self-employed.</p>	<p>Services of a clergyman would be automatically covered unless he elects not to be covered because he is conscientiously opposed to social security coverage or because he opposes coverage on grounds of religious principle. Effective for taxable years ending after 1967.</p>
2. Farm operators-----	<p><i>Covers</i> farm operators on the same basis as other self-employed persons except that farm operators whose annual gross earnings are \$2,400 or less can report either their actual net earnings or 66⅔ percent of their gross earnings.</p> <p>Farmers whose annual gross earnings are over \$2,400 report their actual net earnings if over \$1,600, but if actual net earnings are less than \$1,600, they may report either actual net earnings or \$1,600.</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Public Law 90-248
A. Self-employed—Continued 2. Farm operators—Continued	Rentals from real estate are not creditable as self-employment earnings, but if landlord under arrangements with tenant or share farmer participates materially in the production of, or in the management of, the crops or livestock on his land, the income is covered.	No change.
3. Public officials-----	<i>Excludes</i> individuals performing functions of public officials.	No change.
4. Newspaper vendors-----	<i>Covers</i> individuals over 18 who buy newspapers and magazines at one price and sell them at another regardless of whether they are guaranteed minimum compensation or may return unsold papers and magazines.	No change.
5. Retirement payments to retired partners.	Retirement payments made to retired partners are taxed and credited for social security benefit purposes like any other self-employment income even though they are not earnings for retirement test purposes if no services are performed.	Retirement payments received by a retired partner excluded for all purposes if the retired partner had no interest in the partnership, and rendered no services to the partnership, and if his share of the capital of the partnership had been paid to him. The payments must be made under a written plan which meets requirements set up by the Secretary of the Treasury; the plan must provide that the payments must be on a periodic basis and continue until the partner's death. Effective for taxable years ending on or after Dec. 31, 1967.
B. Employees-----	<i>Covers</i> employees including certain agent or commission drivers, life insurance salesmen, homeworkers, traveling salesmen, and officers of corporations regardless of the common-law definition of employee.	No change.
1. Agricultural workers-----	<i>Covers</i> agricultural workers who either (1) are paid \$150 or more in cash wages in a calendar year by an employer or (2) perform agricultural labor for an employer on 20 days or more during the calendar year. Workers who are recruited and paid by a crew leader shall be deemed to be employees of the crew leader if such crew leader is not, by written agreement, designated to be an employee of the owner or tenant and if such crew leader is customarily engaged in recruiting and supplying individuals to perform agricultural labor; under such circumstances the crew leader shall be deemed to be self-employed. <i>And excludes:</i> a. Mexican contract workers.	No change.

b. Workers lawfully admitted to the United States from the Bahamas, Jamaica, and other islands in the British West Indies or from any other foreign country or its possessions, on a temporary basis to perform agricultural labor.

2. Domestic workers-----

No change.

Covers persons performing domestic service in private nonfarm homes if they receive \$50 or more during a calendar quarter from 1 employer. Nongrant remuneration is excluded.

Excludes students performing domestic service in clubs or fraternities if enrolled and regularly attending classes at school, college, or university.

3. Casual labor-----

No change.

Covers cash remuneration for service not in the course of the employer's trade or business if the remuneration is \$50 or more from 1 employer during a calendar quarter.

4. Cash tips-----

No change.

Cash tips received after 1965 by an employee in the course of his employment are covered as wages for social security and income-tax withholding purposes, except that employers are not required to pay the social security employer tax on the tips. However, for tips to be subject to withholding for income tax or to be counted for social security purposes, the tips must be paid in cash and must amount to \$20 or more a month in work for one employer. The tips still represent compensation for income tax purposes even though less than \$20 a month or even though paid in other than cash, but are not, under either of these conditions, subject to withholding for income tax or social security tax purposes.

The employee is required to give his employer a written report of his tips within 10 days after the end of the month in which the tips are received (or at such other times before the 10th day as is provided by regulations); to the extent that unpaid wages due an employee and in the possession of the employer are insufficient to pay the employee social security tax due on the tips, the employee will be permitted (but not required) to make available to the employer sufficient funds to pay the employee social security tax. To the extent that the employer does not have sufficient wage payments (or funds turned over to him by the employee) to offset the required withholding, he notifies the employee and the employee reports this amount to the Government directly.

If an employee fails to report, as required by law, some or all of his covered tips to his employer, he is liable not only for the employee social security tax due on the unreported tips, but also for an additional amount equal to 50 percent of the employee tax. He pays his social security tax on these tips to the District Director of the Internal Revenue Service.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>B. Employees—Continued 4. Cash tips—Continued</p>	<p>The employer is required to withhold the employee social security tax only on tips reported to him within the specified time and for which he has sufficient funds of the employee out of which to pay the tax. He is liable for withholding income tax on only those tips that are reported to him within 10 days after the end of the month in which the tips were received, and then in general only to the extent that he can collect the tax (at or after the time the tips are reported to him and before the close of the calendar year in which the tips were received) from unpaid wages (not including tips), or from funds turned over to him for that purpose remaining after an amount equal to the amount due for the social security tax has been subtracted.</p>	
<p>5. Bonus and incentive pay as deferred compensation.</p>	<p>Bonus and incentive pay as deferred compensation are wages even if paid after employment relationship ends.</p>	<p>Bonus and incentive pay is not wages if paid after employment relationship ends unless payment would have been made if the employment relationship had continued if—</p> <ol style="list-style-type: none"> 1. the employment relationship ended because of death, retirement for disability, or retirement for age; and 2. the payment is made under a plan established by the employer for his employees generally or for a class or classes of employees. Effective for payments made after Jan. 2, 1968.
<p>6. State and local government employees.</p>	<p>Covers employees of State and local governments provided the individual States enter into an agreement with the Federal Government to provide such coverage, with the following special provisions:</p> <ol style="list-style-type: none"> a. <i>States have the option of covering or excluding employees in any class of elective position, part-time position, fee-basis position, or performing emergency services.</i> b. <i>Excludes the services of the following persons, specifying that they cannot be included in a State agreement and cannot, therefore, be covered:</i> <ol style="list-style-type: none"> (1) Employees on work relief projects; 	<p>Emergency services are excluded on a mandatory basis. Also services of election officials who are paid less than \$50 in a calendar quarter would not be covered at the option of the State. Effective Jan. 1, 1968.</p> <p>Fees received after 1967 which are not covered under a State agreement are covered under the self-employment provisions if received by a person whose compensation consists entirely of fees. People in fee-basis positions in 1968 can elect to have their fees not covered under the self-employment provisions. States may continue to provide coverage of fee-basis employees as employees but the States are allowed to remove such employees from coverage.</p> <p>No change.</p>

(2) Patients and inmates of institutions who are employed by such institutions;

(3) Services of the types which would be excluded by the general coverage provisions of the law if they were performed for a private employer, *except* that agricultural and student services in this category may be covered at the option of the State.

c. Employees who are in positions covered under an existing State or local retirement system may be covered under State agreements only if a referendum is held by a secret written ballot, after not less than 90 days' notice, and if the majority of eligible employees under the retirement system vote in favor of coverage. However, employees in policemen and firemen positions under a State and local retirement system cannot be covered in the agreement. The Governor of a State or his delegate must certify that certain Social Security Act requirements under the referendum procedure have been properly carried out. In most States, all members of a retirement system (with minor exceptions) must be covered if any members are covered.

Employees of any institution of higher learning (including a junior college or a teachers' college and employees of a municipal or county hospital) under a retirement system can, if the State so desires, be covered as a separate coverage group, and 1 or more political subdivisions may be considered as a separate coverage group even though its employees are under a statewide retirement system.

In addition, employees whose positions are covered by a retirement system but who are not themselves eligible for membership in the system could be covered without a referendum. Employees who are members or who have an option to join more than 1 State or local retirement system cannot be covered unless all such retirement systems are covered.

Individuals in positions under retirement systems on Sept. 1, 1954, are precluded from obtaining coverage under the nonretirement system coverage provisions.

Exceptions to general law concerning coverage in named States:

(1) *Split-system provisions.*—Authorizes Alaska, California, Connecticut, Florida, Georgia, Hawaii, Massachusetts, Minnesota, Nevada, New Mexico, New York, North Dakota, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, Washington, and Wisconsin, and all interstate instrumentalities, at their option, to extend coverage to the members of a State retirement system by dividing such a system into 2 divisions, one to be composed of those persons who desire coverage and the other of those persons who do not wish coverage, provided that

No change.

Adds Illinois to the list of States entitled to split their retirement systems. Effective upon enactment.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>B. Employees—Continued 6. State and local government employees—Continued</p>	<p>new members of the retirement system coverage group are covered compulsorily. Also authorizes similar treatment of political subdivision retirement systems of these States.</p> <p>Those employees covered by a divided retirement system who did not elect coverage in the original agreement, may nevertheless elect coverage through 1966, or, if later, until 2 years after the date on which coverage was approved for the group that originally elected coverage. Also provides that the coverage of persons electing under this provision would begin on the same date as coverage became effective for the group originally covered. People who are in positions under a retirement system who are not eligible to join the system due to personal disqualifications, such as those based on age or length of service, cannot be covered under the divided retirement system procedure.</p> <p>(2) <i>Policemen and firemen</i>.—Allows the States of Alabama, California, Florida, Georgia, Hawaii, Kansas, Maine, Maryland, New York, North Carolina, North Dakota, Oregon, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, and Washington and all interstate instrumentalities to make coverage available to policemen and firemen in those States, subject to the same conditions that apply to coverage of other employees who are under State and local retirement systems, except that where the policemen and firemen are in a retirement system with other classes of employees the policemen and firemen may, at the option of the State, hold a separate referendum and be covered as a separate group.</p>	<p>Extends time in which such employees may elect coverage through 1969, or, if later, until 2 years after the date on which coverage was approved for the group that originally elected coverage.</p> <p>Permits States, if coverage is extended under the divided retirement system procedure, to modify their agreement after 1967 to cover individuals who are not eligible to be members of the retirement system.</p> <p>Effective January 1, 1968.</p> <p>Adds Puerto Rico to the list of States which may provide social security coverage for policemen and firemen.</p> <p>Validates social security coverage for certain firemen in Nebraska for whom social security taxes were erroneously paid.</p> <p>Provides for social security coverage for firemen in States not included in the list of States which may cover policemen and firemen if the Governor of the State certifies that the total benefit protection of the group of firemen would be improved as a result of social security coverage. The divided retirement system could not be used and firemen would have to be covered as a separate group and not as part of a group which includes people other than firemen.</p> <p>Effective on enactment.</p> <p>No change.</p>
<p>(3) <i>Employees of unemployment compensation systems</i>.—Authorizes Florida, Georgia, Minnesota, North Dakota, Pennsylvania, Washington, and Hawaii, at their option, to cover their employees who are paid wholly or partly from Federal funds under the unemployment compensation provisions of the Social Security Act—either by themselves or with the other employees of the department of the State in which they are employed—after complying with the referendum provisions.</p>		

<p>7. Employees of nonprofit organizations.</p>	<p>d. Coverage on a compulsory basis is provided for employees of certain publicly owned transportation systems.</p> <p>e. <i>Effective date of coverage agreement.</i>—Allows agreements or modifications made after 1939 to begin as early as 5 years before the year in which an agreement is made, but no earlier than Jan. 1, 1956. Where a retirement system is covered as a single retirement system coverage group, permits the State to provide different beginning dates for coverage of the employees of different political subdivisions.</p> <p><i>Covers</i> employees of religious, charitable, educational, and other nonprofit organizations (which are exempt from income tax and are described in sec. 501(c)(3) of the Internal Revenue Code) <i>on a voluntary basis</i> if the employer organization certifies that it desires to extend coverage to its employees.</p> <p>Employees may concur by signing a list or supplemental list which is filed within 24 months after the quarter in which the certificate is filed. Employees who do not concur in the filing of the certificate are not covered <i>except</i> that all employees hired after a certificate becomes effective are covered.</p> <p>Waiver certificate may be made effective at the option of the organization on the 1st day of the quarter in which the certificate is filed, the 1st day of the succeeding quarter, or as early as the 1st day of the 20th calendar quarter preceding the quarter in which the certificate of waiver is filed.</p> <p>Employees of nonprofit organizations who are in positions covered by State and local retirement systems and are members or eligible to become members of such systems must be treated apart from those not in such positions. Certificates must be filed separately for each group. All new employees who belong to a group for which a certificate has been filed are automatically covered, and new employees who belong to a group for which a certificate has not been filed are not covered.</p>	<p>No change.</p> <p>A modification to cover a new group may provide retroactive coverage for former employees with respect to earnings that had been erroneously reported if no refund has been made of the taxes paid on the erroneously reported earnings.</p> <p>Effective on enactment.</p>
<p>8. Federal employees.</p>	<p><i>Excludes</i> employees of the United States or its instrumentalities if—</p> <p>a. they are covered by a retirement system established by Federal law; or</p> <p>b. they perform services—</p> <p>(1) as the President, Vice President, or a Member of Congress;</p> <p>(2) in the legislative branch;</p> <p>(3) in a penal institution as an inmate;</p> <p>(4) as student nurses, and other student employees of Federal hospitals;</p> <p>(5) as employees on a temporary basis in disaster situations;</p>	<p>No change.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

I. COVERAGE—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>B. Employees—Continued</p> <p>8. Federal employees—Continued</p>	<p>(6) as employees not covered by the Civil Service Retirement Act because they are subject to another retirement system (other than the retirement system of the Tennessee Valley Authority); or</p> <p>c. the instrumentality has been specifically exempted by statute from the employer tax; or</p> <p>d. the instrumentality was exempt from the employer tax on December 31, 1950, and its employees are covered by its retirement system.</p> <p><i>Covers</i> the following Federal employees excepted from the exclusion in 8-d unless they are excluded on the basis of one of the other provisions:</p> <p>a. employees of a corporation which is wholly owned by the United States;</p> <p>b. employees of a national farm loan association, a production credit association, a Federal Reserve bank, or a Federal credit union;</p> <p>c. employees (not compensated by funds appropriated by Congress) of the post exchanges of the various armed services (including the Coast Guard) and other similar organizations at military installations;</p> <p>d. employees of a State, county, or community committee under the Production and Marketing Administration.</p> <p>e. employees of the District of Columbia who are not covered by a retirement system.</p> <p><i>Excludes—</i></p> <p>a. Students in the employ of a school, a college, or university if enrolled and regularly attending classes;</p> <p>b. student nurses employed by a hospital or nurses training school if enrolled and regularly attending classes;</p> <p><i>Covers</i> individuals <i>18 and over</i> who deliver and distribute newspapers or shopping news, but covers individuals <i>under 18</i> only if they deliver or distribute such publication to points for subsequent delivery or distribution.</p>	<p>No change.</p> <p>No change.</p>
<p>9. Students and nurses in schools and hospitals.</p>		No change.
<p>10. Newsboys-----</p>		No change.

11. Members of the Armed Forces.	<p><i>Covers</i> members of the uniformed services after December 1956, while on active duty (including active duty for training), with contributions and benefits computed on basic military pay.</p> <p>Noncontributory wage credits of \$160 per month are granted, in general, for each month of active service in the Armed Forces of the United States during the World War II period (Sept. 16, 1940-July 24, 1947) and during the postwar emergency period (July 25, 1947-Dec. 31, 1956).</p> <p>Provides noncontributory wage credits for certain American citizens who, prior to Dec. 9, 1941, entered the active military or naval service of countries that, on Sept. 16, 1940, were at war with a country with which the United States was at war during World War II. Wage credits of \$160 would be provided for each month of such service performed after Sept. 15, 1940, and before July 25, 1947. To qualify for such wage credits, an individual must either have been a U.S. citizen throughout the period of his active service or have lost his U.S. citizenship solely because of his entrance into such active service.</p>	<p>Provides additional wage credits of \$100 for each \$100, or fraction thereof, of active duty basic pay up to \$300 a quarter. Effective for service pay from the uniformed services paid after Dec. 31, 1967.</p> <p>No change.</p>
12. Railroad employees.	<p>Under coordination provisions contained in the Railroad Retirement Act: (1) employment under both the railroad system and the old-age and survivors insurance system is counted for purposes of survivor benefits under either system; (2) railroad employment of workers with less than 10 years of railroad service is credited under the Social Security Act and the benefits based on such employment are payable under this act; and (3) provision is made for mutual financial interchange between the 2 systems in order to place the old-age and survivors insurance and disability insurance trust funds in the same position in which they would have been if railroad service after 1936 had been counted as social security employment.</p>	<p>No change.</p>
13. Family employment.	<p><i>Excludes</i> services rendered by—</p> <ol style="list-style-type: none"> (1) One spouse for another. (2) Child under 21 for his parents. (3) Parents for their children, if such services are domestic services rendered in the home of the child, or such services are not rendered in the course of the child's trade or business. 	<p>Extends social security coverage to employment performed in the private home of the employer by a parent in the employ of his son or daughter. The employment is covered if the son or daughter is (a) a widow or widower with a child under age 18 or a disabled child or (b) a person with such a child who either is divorced or has a disabled spouse.</p>
14. Employees of Communist organizations.	<p><i>Excludes</i> from coverage employees of any organization which is registered, or against which there is a final order of the Subversive Activities Control Board to register, under the Internal Security Act, as a Communist-action, a Communist-front, or Communist-infiltrated organization.</p>	<p>No change. However, Public Law 90-237 deleted the requirement in the Internal Security Act of 1950 requiring the registration of Communist organizations. This provision is, therefore, inoperative.</p>

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

II. PROVISIONS RELATING TO DISABILITY

Item	Prior law	Law as amended by Public Law 90-248
<p>A. Nature of the provisions:</p> <p>1. Benefits-----</p>	<p>Provides monthly benefits for disabled workers meeting eligibility requirements. Benefits are computed in the same way as retirement benefits. No provision for monthly benefits for disabled widows and widowers.</p>	<p>Monthly social security benefits are payable between ages 50 and 62 to disabled widows and widowers of covered deceased workers. If benefits are first payable at age 50, they are 50 percent of the primary insurance amount. Higher percentages are payable—depending on the age at which benefits begin—up to 82½ percent of the primary insurance amount at age 62. The reduction continues to apply to benefits payable after that time. Effective for February 1968.</p>
<p>2. Disability "freeze"-----</p>	<p>Provides that when an individual for whom a period of disability has been established dies, or retires, on account of age or disability, his period of disability will be disregarded in determining his eligibility for benefits and his average monthly wage for benefit computation purposes.</p>	<p>No change.</p>
<p>B. Eligibility requirements:</p> <p>1. Definition-----</p>	<p>For benefits or for the freeze, an individual must be precluded from engaging in any substantial gainful activity by reason of a physical or mental impairment. The impairment must be medically determinable and one which can be expected to exist for not less than 12 months. (For purposes of the freeze only, the following specified degree of blindness is presumed disabling: Central visual acuity of 5/200 or less in the better eye with use of correcting lens. An eye in which the visual field is reduced to 5° or less concentric contraction shall be considered as having a visual acuity of 5/200 or less.)</p>	<p>New guidelines are provided in the law under which a person (other than a disabled widow or widower) may be determined to be disabled only if due to a physical or mental impairment (as defined) he is unable to engage in any kind of substantial gainful work which exists in the national economy even though such work does not exist in the general area in which he lives. Effective on enactment.</p> <p>A widow or widower can be determined to be disabled only if she or he has a physical or mental impairment that makes it impossible for him to perform <i>any</i> gainful work rather than substantial gainful work. Effective for February 1968.</p> <p>Changes the degree of blindness to central visual acuity of 20/200 or less or a visual field of 20° or less Effective for February 1968.</p>
<p>2. Entitlement to other benefits--</p>	<p>A person who becomes entitled before age 65 to a benefit payable on account of old age can later become entitled to disability insurance benefits. If prior benefit was a reduced benefit, disability insurance benefits are reduced to take account of payment made for prior months.</p>	<p>No change.</p>
<p>3. Waiting period-----</p>	<p>An initial 6-month "waiting period" is required before disability insurance benefits will be paid. Benefits are payable for 7th month. However, benefits may be paid for the 1st full month of disability to a worker who becomes disabled within 60 months (5 years) after</p>	<p>No change.</p>

4. Termination of benefits-----	<p>termination of disability insurance benefits or a period of disability.</p> <p>Provides that benefits shall not be paid after the 2d month following the month in which a worker's disability ceases.</p>	No change.
5. Insured status (work requirement)-----	<p>To be eligible an individual must—</p> <p>(1) have at least 20 quarters of coverage in the 40 quarters ending with the quarter in which the period of disability begins; and</p> <p>(2) Be fully insured.</p> <p>Young workers who are blind and disabled may meet an alternative insured status requirement under which workers disabled before age 31 are insured if not less than one-half (and not less than 6) of the quarters during the period elapsing after age 21 and up to the point of disability were quarters of coverage or, in the case of those disabled before age 24, at least one-half of the 12 quarters ending with the quarter in which disability began were quarters of coverage. To qualify for this alternative the worker would have to meet the statutory definition of blindness for the disability "freeze." (See above.) Workers will, however, have to meet the other regular requirements for entitlement to disability benefits, including inability to engage in any substantial gainful activity.</p>	No change.
6. Disability benefits offset-----	<p>The social security disability benefit for any month for which a worker is receiving a periodic workmen's compensation benefit is reduced to the extent that the total benefits payable to him and his dependents under both programs exceed 80 percent of his average monthly earnings covered by social security prior to the onset of disability, but with the reduction periodically adjusted to take account of changes in earnings levels.</p>	Provides that in determining 80 percent of average earnings, earnings in excess of the social security earnings base may be used. Effective for February 1968.
7. Applications-----	<p>Provides that no application for a disability determination filed more than 12 months after the month in which a period of disability would end shall be accepted.</p>	An application for a freeze may be filed within 36 months of the time the period of disability ended if the Secretary determines that the application was not filed within the prescribed filing period because of the disabled person's incapacity to do so. Also provides that prior to Feb. 1, 1969, a person who filed an application in the past within 36 months of the end of his disability may again file an application to establish a period of disability for the freeze.
C. Payment for rehabilitation services-----	<p>Provides for reimbursement from social security trust funds to State vocational rehabilitation agencies for the cost of vocational rehabilitation services furnished to disability insurance beneficiaries. Total amount of the funds that may be made available for such reimbursement could not, in any year, exceed 1 percent of the social security disability benefits paid in the previous year.</p>	No change.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

II. PROVISIONS RELATING TO DISABILITY—Continued

Item	Prior law	Law as amended by Public Law 90-248
D. Disability determinations-----	Provides that disability determinations, including determinations that a disabled person had recovered, generally must be made by State agencies under agreements with the Social Security Administration.	No change.

III. BENEFIT CATEGORIES

A. Worker—old age-----	<p>Full benefit payable at age 65 to fully insured retired worker. Payable at age 62 to fully insured retired worker, but on an actuarially reduced basis. Benefit is reduced by $\frac{1}{2}$ of 1 percent for each month worker is entitled to receive a benefit before age 65—the total reduction is 20 percent if worker begins drawing benefits at age 62. The reduced amount is permanent, continuing after worker reaches age 65.</p> <p>In the case of a woman who is entitled to a reduced old-age insurance benefit and who is at the same time or subsequently becomes entitled to a wife's benefit, the wife's benefit would be reduced by the dollar reduction which was applicable to the old-age benefit, plus the regular reduction amount on the excess of the unreduced wife's benefit over the unreduced old-age benefit.</p> <p>A similar provision is applicable to men entitled to reduced old-age benefit and dependent husband's benefit.</p>	No change.
B. Wife or dependent husband-----	<p>A full benefit for a wife or dependent husband is 50 percent of spouse's primary benefit.</p> <p>Full benefit paid at age 65. Benefit also payable at age 62 to a wife or dependent husband, but on an actuarially reduced basis, i.e., benefit is reduced by $\frac{23}{36}$ of 1 percent for each month prior to age 65. An individual who takes benefit at 62 receives 75 percent of full benefit.</p>	Wife's and husband's benefits limited to maximum of \$105 a month.
C. Widow, widower, or parent-----	<p>Full benefit payable at age 62 to widow, dependent widower, or surviving dependent mother or father of the insured worker.</p> <p>Full benefit is 82.5 percent of deceased worker's primary benefit (75 percent each in case of 2 parents).</p>	Benefits provided for disabled widows and widowers as early as age 50; benefits reduced by 43/198 of 1 percent for each month benefits are taken before age 60 and by 5/9 of 1 percent for each month between ages 60 and 62. Because widow's benefits, but not widower's

benefits, are payable at the reduced rate between ages 60 and 62, the provision would have no effect on widow's benefits which begin at age 60 or later. Effective for February 1968.

D. Divorced wife, widow-----

No change.

Widows may elect an actuarially reduced benefit upon attaining age 60. Benefits will be reduced by $\frac{1}{2}\%$ of 1 percent for each month she is entitled to receive a benefit prior to age 62. Thus the reduction for a widow who elects a benefit when she attains age 60 is $13\frac{1}{2}\%$ percent for the 24-month period—reducing her benefit from $82\frac{1}{2}\%$ percent of her husband's benefit to $71\frac{1}{2}\%$ percent of his benefit.

In the case of a widow who is entitled to an old-age benefit in her own right, the old-age benefit is reduced to take into account widow's benefits paid to her before age 62.

Benefits are payable to a divorced woman if she has a child of the deceased worker in her care and the child is getting benefits based on the deceased father's earnings, if she has not remarried, and if she had been getting at least $\frac{1}{2}\%$ of her support from her former husband under a court order or agreement at the time of his death.

Wife's or widow's benefits are payable to an aged divorced woman on her former husband's earnings if she (A) had been married to her former husband for 20 years before the divorce; (B) is not married, regardless of intervening marriages; and (C) met the following support requirement when her former husband became disabled, entitled to benefits or died: (1) She was receiving $\frac{1}{2}\%$ of her support from her former husband, or (2) she was receiving substantial contributions from him pursuant to a written agreement, or (3) a court order for substantial contributions was in effect.

Payment of a wife's or widow's benefit to a divorced woman does not reduce the benefits paid to any other person on the same social security account and such wife's or widow's benefit is not reduced because of other benefits payable on the same account.

Benefits for a divorced wife or a surviving divorced wife are not terminated on account of remarriage in those cases where the remarriage is to a man getting benefits as a dependent widower or parent or as a disabled child aged 18 or over. If a divorced wife or a surviving divorced wife marries an old-age insurance beneficiary, her benefits are terminated but she is immediately eligible for a wife's benefit on her new husband's account.

A wife's benefits are not terminated when the woman and her husband are divorced if the marriage has been in effect for 20 years.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

III. BENEFIT CATEGORIES—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>E. Children.....</p>	<p>A child's benefit is paid to child of the insured worker who has died, reached retirement age, or become disabled if the child is unmarried and either— (a) Is under age 18, or (b) Is under a disability which began before age 18. (c) Is age 18 or over and under age 22 if he is a full-time student. Permits a child whose benefits have terminated because he has attained age 18 to become reentitled upon filing a new application if he is a full-time student and has not attained age 22. A wife, widow, or surviving divorced mother will not get benefits if the only child in her care has attained age 18 and is getting benefits solely because he is a student. <i>Student and institution defined:</i> A full-time student is defined as an individual who is in full-time attendance as a student at an educational institution; whether or not the student was in full-time attendance is determined by the Secretary in the light of the standards and practices of the school involved. Specifically excluded is a person who is paid by his employer while attending school at the request of his employer. Provides for benefits for any period of 4 calendar months or less in which a person does not attend school if the person shows to the satisfaction of the Secretary that he intends to continue in full-time school attendance immediately after the end of the period, or does in fact return. Definition of a child based on the laws applied in determining the devolution of intestate personal property in the State in which the worker is domiciled. Since 1965 also includes in definition of child a child who cannot inherit his father's intestate personal property if the father had acknowledged him in writing, had been ordered by a court to contribute to his support, had been judicially decreed to be his father or had been shown by other satisfactory evidence to be his father and was living with or contributing to his support.</p> <p>Child adopted by retired worker can get benefits if (1) at the time the worker became entitled to benefits the child was living with the worker or adoption proceedings had begun (2) the adoption was completed</p>	<p>No change.</p> <p>No change.</p> <p>Monthly benefits payable to children who can qualify for benefits even though they cannot inherit father's intestate property (under provision of 1965 amendments) cannot exceed the difference between the total amounts payable to other people on the same account and the maximum monthly amount payable on that account. A saving provision provides that benefits payable to a person on the effective date of the 1965 amendments which were reduced because a child became entitled to benefits under the 1965 provision will not be reduced in the future nor will the benefits payable to persons on the rolls in January 1968 be reduced. No change.</p>

within 2 years of the time when the worker became entitled to benefits and (3) the child had been receiving $\frac{1}{2}$ of his support from the worker for the entire year before the worker filed his application for old-age insurance benefits or, if the worker had a period of disability which continued until he became entitled to old-age insurance benefits, before the beginning of the period of disability.

Child adopted by the spouse of a deceased worker can get benefits only if the adoption is completed within 2 years after the worker's death.

Child adopted by a disabled worker can get benefits if (1) the adoption is completed within 24 months after the worker became entitled to disability benefits and (2) either proceedings for adoption had been instituted in or before the month in which the worker's latest period of disability began or the child was living with the worker in such month.

A child is deemed dependent on his father or adopting father unless the child has been adopted by someone else or the child is neither the worker's legitimate nor adopted child. A child is dependent on his stepfather if he is living with the stepfather or the stepfather is providing at least $\frac{1}{2}$ of the child's support. A child is dependent on his mother or adopting mother if she is currently insured. If she is not currently insured, the child is dependent on her only if: (A) she is contributing at least $\frac{1}{2}$ of the child's support or (B) she is living with the child or is making regular contributions to the child's support and the child's father is neither living with the child nor making regular contributions to the child's support. A child is dependent on his stepmother if requirement (A) or (B) above is met.

Husband's and widower's benefits can be paid to a husband or widower who was receiving $\frac{1}{2}$ of his support from his wife at the time she became disabled, retired, or died provided she was currently insured at such time.

The relationship of widow, widower, or stepchild must have existed for at least 1 year. This requirement does not apply to the surviving widow or widower if the couple has a child, has adopted a child or if the surviving spouse is actually or potentially entitled to benefits on the earnings record of a previous spouse.

F. Dependents benefits based on woman worker's earnings record:

1. Children -----

2. Husbands and widowers -----

G. Definitions of widow, widower, and step-children.

Includes in the definition of adopted child a child who was adopted by the worker's spouse more than 2 years after the worker's death, provided that proceedings to adopt the child had been initiated before the worker died. Effective for February 1968.

A child adopted by a person who is getting disability benefits can become entitled to benefits if (a) the adoption takes place in the United States; (b) it was under the supervision of a public or private child-placement agency; (c) the disabled individual had resided in the United States for the year prior to the adoption; and (d) the child is under 18 at the time of adoption. Effective for February 1968.

Provides the same dependency requirements for benefits based on the earnings of a woman worker as present law requires for benefits based on the earnings of a male worker. Effective for February 1968.

Eliminates the requirement that the wife be currently insured. Effective for February 1968.

The duration-of-relationship requirements are reduced to 9 months. The requirement is further reduced to 3 months in the case of a worker's death by accidental means or if death occurred while he was on active duty in one of the uniformed services unless the Secretary of HEW determines that at the time the marriage occurred the worker could not reasonably have been expected to live for 9 months. Effective for February 1968.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

IV. BENEFIT AMOUNTS

Item	Prior law	Law as amended by Public Law 90-248
A. Creditable earnings-----	Maximum amount of earnings that may be credited for benefit purposes is \$6,600 a year.	Raises maximum amount to \$7,800 a year effective Jan. 1, 1968.
B. Benefit formula-----	The law contains a benefit table which is used to determine benefit amounts for both present and future beneficiaries. Though not stated in the law the formula is approximately 62.97 percent of the 1st \$110 of average monthly earnings, plus 22.9 percent of the next \$290, plus 21.4 percent of the next \$150.	The table is amended to provide a 13-percent benefit increase and to take account of the increase in creditable earnings to \$7,800 a year. The new formula is approximately 71.16 percent of the 1st \$110 of average monthly earnings, plus 25.88 percent of the next \$290, plus 24.18 percent of the next \$150, plus 28.43 percent of the next \$100. Effective for February 1968.
C. Maximum primary insurance amount--	\$168 a month (\$550 average monthly wage).	Increases to \$189.90 (\$550 average monthly earnings) and eventually to \$218 (\$650 average monthly earnings). Effective for February 1968.
D. Maximum limit on wife's benefit-----	No provision in present law; the wife's benefit is ½ of the primary insurance amount at all levels.	Limits wife's benefit to no more than \$105. Without this limit, the wife's benefit would eventually rise to \$109.
E. Minimum primary insurance amount----	\$44 a month.	\$55 a month. Effective for February 1968.
F. Maximum family benefits-----	Family maximum benefits are set by a table in the law and range from \$66 a month to \$368.	Extends table to take account of rise in creditable earnings and minimum primary insurance amount. As a result the family maximum would range from \$82.50 to 434.40 a month. Effective for February 1968.
G. Computation involving 1937-50 wages--	When 1937-50 wages are used to compute a benefit the actual wages shown in the social security records are used. Unlike other wages, yearly wages for this period have not been placed on magnetic tape for electronic data processing. A manual examination of the wages is therefore necessary.	To permit electronic data processing a person would be deemed to have been paid all of the wages credited to him for the period 1937-50 in 9 years before 1951 if his total wages for the period do not exceed \$27,000; if the total wages in the period exceed \$27,000, the wages would be deemed to have been paid at the rate of \$3,000 a year. People who require 7 or more quarters of coverage to be insured would be deemed to have 1 quarter of coverage for each \$400 of wages earned in the period 1937-50. Effective on enactment for benefits due after 1966.
H. Benefits for certain individuals age 72 and over.	Monthly benefits of \$55 a month are provided for a single person and \$52.50 a month for a couple in cases where the person has no work, or not enough to be insured, under social security.	Benefits increased to \$40 a month for a single person and to \$60 a month for a couple. Effective for February 1968.

Comparison of monthly cash benefits under prior law and under Public Law 90-248

Average monthly earnings after 1950	\$67 or less		\$150		\$250		\$300		\$350		\$400		\$550		\$650 ¹ P.L. 90-248
	Prior law	P.L. 90-248	Prior law	P.L. 90-248	Prior law	P.L. 90-248	Prior law	P.L. 90-248	Prior law	P.L. 90-248	Prior law	P.L. 90-248	Prior law	P.L. 90-248	
1. Retirement at 65 or disability benefit-----	\$44.00	\$55.00	\$78.20	\$88.40	\$101.70	\$115.00	\$112.40	\$127.10	\$124.20	\$140.40	\$135.90	\$153.60	\$168.00	\$189.90	\$218.00
2. Retirement at 62-----	35.20	44.00	62.60	70.80	81.40	92.00	90.00	101.70	99.40	112.40	108.80	122.90	134.40	152.00	174.40
3. Wife's benefit at 65 or with child in her care-----	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00 ²	105.00
4. Wife's benefit at 62-----	16.50	20.70	29.40	33.20	38.20	43.20	42.20	47.70	46.60	52.70	51.00	57.60	63.00	71.30	78.80
5. 1 child of retired or disabled worker-----	22.00	27.50	39.10	44.20	50.90	57.50	56.20	63.60	62.10	70.20	68.00	76.80	84.00	95.00	109.00
6. Widow 62 or older-----	44.00	55.00	64.60	73.00	84.00	94.90	92.80	104.90	102.50	115.90	112.20	126.80	138.60	156.70	179.90
7. Widow at 60, no child-----	38.20	47.70	56.00	63.30	72.80	82.30	80.50	91.00	88.90	100.50	97.30	109.90	120.20	135.90	156.00
8. Disabled widow at age 50-----	33.40	40.00	50.00	57.60	67.60	77.60	75.60	86.00	83.60	94.00	91.60	102.00	109.60	120.00	135.00
9. Widow under 62 and 1 child-----	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
10. Widow under 62 and 2 children-----	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	279.60	280.80	306.00	322.40	368.00	395.60	434.40
11. 1 surviving child-----	44.00	55.00	58.70	66.30	76.30	86.30	84.30	95.40	93.20	105.30	102.00	115.20	126.00	142.50	163.50
12. 2 surviving children-----	66.00	82.50	117.40	132.60	152.60	172.60	168.60	190.80	186.40	210.60	204.00	230.40	252.00	285.00	327.00
13. Maximum family benefit-----	66.00	82.50	120.00	132.60	202.40	202.40	240.00	240.00	280.80	280.80	309.20	322.40	368.00	395.60	434.40
14. Lump-sum death payment-----	132.00	165.00	234.60	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00

¹ Maximum AME under Public Law 90-248.

² Maximum wife's benefit.

Source: Social Security Administration.

V. FINANCING

A. Allocation between OASI and DI trust funds.

The Federal Old-Age and Survivors Insurance Trust Fund receives all OASDI tax contributions other than those allocated for the disability insurance program, from which fund benefits and administrative expenses are paid for the old-age and survivors insurance program. A separate tax and fund is established for the hospital insurance trust fund.

The Federal Disability Insurance Trust Fund receives an amount equal to 0.70 of 1 percent of taxable wages plus 0.525 of 1 percent of self-employment income, from which benefit and administrative expenses are paid for the disability insurance program.

These funds are administered by a Board of Trustees consisting of the Secretary of the Treasury, as managing trustee, the Secretary of Labor and the Secretary of Health, Education, and Welfare, all ex officio (with the Commissioner of Social Security as Secretary).

No change.

The allocation to the Disability Insurance Trust Fund, for years beginning after 1967, is increased to 0.95 of 1 percent of taxable wages and 0.7125 of 1 percent of taxable self-employment income.

No change.

B. Maximum taxable amount-----

\$7,800 a year starting with 1968.

\$6,600 a year.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VI. MISCELLANEOUS

Item	Prior law	Law as amended by Public Law 90-248
<p>A. Overpayments-----</p>	<p>When the person who has been overpaid is alive the overpayment can be recovered only by withholding subsequent benefits payable to him. If he has died the overpayment can be recovered by withholding subsequent benefits to others getting benefits on the same earnings record. A person who is liable for repayment of an overpayment to another person cannot have the overpayment waived if the overpaid person was at fault even though he himself is without fault.</p>	<p>An overpayment can be recovered by requiring a refund or by withholding cash benefits of the overpaid person or any other person who is getting benefits on the same account, whether or not the overpaid person is alive. A person who is liable for the repayment of an overpayment made to another person may have recovery waived if he himself is without fault. Effective on enactment.</p>
<p>B. Underpayments-----</p>	<p>In the case of cash benefit underpayments where an individual dies before the completion of the payment of amounts due him and such amount at the time of his death does not exceed an amount equal to 1 month's benefit, payment is to be made to his surviving spouse who was living in the same household, or, if the underpayment exceeds that amount or if there is no such spouse, to the legal representative of his estate.</p>	<p>Amounts due will be paid under the following order of priority:</p> <ol style="list-style-type: none"> (1) Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record. (2) Child entitled to benefits on the same earnings record. (3) Parent entitled to benefits on the same earnings record. (4) Spouse who was neither entitled to benefits on the same earnings record nor living with the individual. (5) Child not entitled to benefits on the same earnings record. (6) Parent not entitled to benefits on the same earnings record. (7) Legal representative of the individual's estate, if any. <p>Effective on enactment.</p> <p>No change.</p>
<p>C. Termination of benefits upon deportation.</p>	<p>Benefits are terminated upon the deportation of a retired or disabled worker under any 1 of 14 specified paragraphs of the Immigration and Nationality Act. Benefits of dependents and survivors who are not citizens will not be paid if they are out of the country.</p>	<p>Once an alien has been outside the United States for 30 consecutive days he will be deemed to be outside the United States until he returns to the United States for 30 consecutive days. An alien who is a citizen of a country that has a pension system of general application which would not pay benefits to qualified citizens of the United States while they are outside of that country would generally not be paid benefits after he has been outside the United States for 6 months. A citizen of a country without such a system and to which the Treas-</p>
<p>D. Payments to aliens-----</p>	<p>Benefits to an alien are suspended if he is outside the United States continuously for 6 consecutive calendar months. The provision does not apply to aliens:</p> <ol style="list-style-type: none"> (1) Who are citizens of countries which have effect a social insurance system of general application which would pay benefits to qualified United States citizens while they are outside of that country; (2) Whose benefits are based on the earnings of a person who has 40 quarters of social security coverage; 	<p>Once an alien has been outside the United States for 30 consecutive days he will be deemed to be outside the United States until he returns to the United States for 30 consecutive days. An alien who is a citizen of a country that has a pension system of general application which would not pay benefits to qualified citizens of the United States while they are outside of that country would generally not be paid benefits after he has been outside the United States for 6 months. A citizen of a country without such a system and to which the Treas-</p>

(3) Whose benefits are based on the earnings of a person who has lived in the United States for 10 years;

(4) Who is serving outside the United States in the Armed Forces of the United States;

(5) If the application of the provision would be contrary to a treaty obligation of the United States under the provisions of a treaty in effect on Aug. 1, 1956;

(6) Who is the survivor of a person who died in the military service of the United States or of a person who died as the result of a disease or injury incurred or aggravated in line of duty during a period of military service from which he was released under conditions other than dishonorable;

(7) Who had earnings from railroad employment which are counted for social security purposes;

(8) Who was, or could have been entitled to benefits for December 1956.

Also, the Treasury is authorized to withhold payment to beneficiaries in certain Communist-controlled countries; when the Treasury authorizes payments renewed, back payments are made to the beneficiary or his estate.

E. Loss of benefits upon conviction of certain subversive crimes.

If an individual is convicted of treason, espionage, or certain other offenses of a subversive nature including a number of offenses under the Internal Security Act, and the offense was committed after the enactment date of this provision (Aug. 1, 1956), the court in its discretion may provide as an additional penalty that none of the individual's wages or self-employment income (or the earnings of any other individual upon which his benefit is based) credited before his conviction shall be used in computing his benefit. The provision applies only to the individual convicted of the offense and does not affect the rights of his dependents or survivors.

F. Beneficiary reports:

1. Time for filing reports of earnings.

Where a valid reason exists the Secretary may extend the period for filing the report. The extension may not be for more than 3 months.

2. Penalty for late filing -----

For the 1st failure to report earnings which are large enough to cause a loss of benefits a penalty of 1 month's benefits is authorized. For failure to report work on 7 or more days in a month outside the United States or that a woman receiving mother's benefits does not have a child in her care a penalty of 1 month's benefits for the first offense is made and for the second and subsequent offenses a penalty of 1 month's benefits for each month for which benefits are to be withheld is authorized.

any prohibition on payment applies, or has applied in the past 5 years, would not be paid benefits after he has been outside the United States for 6 months. Amounts that have been accumulated through June 1968 as due an alien who is living in a Communist-controlled country where the Treasury is withholding benefits would be limited to 12-month's benefits and would be paid only to the beneficiary or to a survivor who is entitled to benefits on the same earnings record. Amounts that would be withheld by the Treasury for months after June 1968 would not be paid.

No change.

Where the amount to be withheld because of earnings is less than 1 month's benefit, penalty is reduced to actual amount payable for the month but to not less than \$10. The penalty for second and subsequent offenses is reduced to 2 months' benefits for the second offense and to 3 months' benefits for the third and subsequent offenses. In no event, however, will the penalty exceed the actual amount of benefits which are withheld.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE—Continued

VI. MISCELLANEOUS—Continued

Item	Prior law	Law as amended by Public Law 90-248
G. Advisory Council on Social Security-----	<p>The Commissioner of Social Security is chairman and 12 other persons appointed by the Secretary are members of the Council. The Councils are to be appointed in 1968 and every 5th year thereafter.</p>	<p>The Secretary will appoint the Chairman as well as the other 12 members of the Council. The Councils will be appointed after January 1969 and after January of every 4th year thereafter.</p>
H. Trustees reports-----	<p>The reports of the trustees of the social security trust funds are to be sent to the Congress by Mar. 1 of each year.</p>	<p>The reports of the trustees will be sent to the Congress by Apr. 1 of each year. Also, the report of the Trustees on the OASI fund will contain a separate actuarial analysis of all disability expenditures.</p>
I. Disclosure of information—deserting parents.	<p>Disclosure must be authorized by regulation. Under regulation disclosure of parent's or his employer's address is authorized to the agency administering the AFDC program if the child is getting AFDC. The law requires disclosure, at the request of a State or local agency participating in any State or local public assistance program, of the most recent address in the social security records of a parent (or his most recent employer or both) who has failed to provide support for his or her destitute child or children under age 16 who are recipients of or applicants for assistance under such public assistance program where there is a court order for the support of the children and the information requested is to be used by the welfare agency or the court on behalf of the children.</p>	<p>Adds provision for disclosure of address of deserting parent or his employer, on request of an appropriate court, if the information is for the use of the court in issuing a support order against the parent. (The child need not have applied for AFDC.)</p>
J. Attorney's fees-----	<p>Permits a court which renders a decision favorable to a claimant for social security benefits to set a reasonable fee for the attorney who represented the claimant before the court. The fee cannot exceed 25 percent of the past-due benefits which result from the court's decision. The Secretary may certify for payment to the attorney, out of the total of the past-due benefits, the amount of the fee set by the court. Any attorney charging or receiving more than the fee set by the court is subject to a fine of up to \$500, imprisonment up to one year, or both.</p> <p>Under regulations, the Secretary must approve attorneys' fees for services provided before the Social Security Administration.</p>	<p>No change.</p> <p>Adds a provision to authorize the Secretary of HEW to fix a reasonable fee for the services provided before the Social Security Administration for an applicant for social security benefits by an attorney and to pay such attorney's fee out of the applicant's past-due benefits. The amount that can be paid out of past-due benefits is limited to the smaller of (a) 25 percent of the past-due benefits; (b) the fee fixed by the Secretary; or (c) an amount agreed to by the applicant and the attorney.</p>

K. Death in military service-----

No provision.

Provide that all benefits paid on the basis of official reports of death in military service issued by the Department of Defense will be considered lawful payments even though it is later determined that the person who was reported dead is still alive.

Effective date.—The provision will apply to all payments made to payees who get benefits for January 1968 or later.

L. Expedited benefit payments-----

No provision.

Establish special procedures to expedite the payment of benefits. The new procedures would go into effect after June 30, 1968, but would not apply to disability benefits or negotiated checks.

HEALTH INSURANCE

(Title XVIII of the Social Security Act)

Item	Prior law	Law as amended by Public Law 90-248																																		
I. Hospital insurance: A. Eligibility: 1. Permanent provision--	<p>Eligibility to hospital insurance benefits begins with the first day of the first month in which an individual is both age 65 and eligible for cash benefits under social security or the railroad retirement system and ends with the last day of the month with which his eligibility to cash benefits ends (except that eligibility continues to the day of death even though cash benefits are not payable for the month of death).</p>	No change.																																		
2. Transitional provision--	<p>In addition, all those who attained 65 before 1968 are eligible for hospital insurance even though not eligible for such cash benefits and people who attain 65 in 1968 or later need quarters of coverage under a transitional provision as indicated in the following table:</p> <table><tr><th>Year attains age 65:</th><th>Required quarters</th></tr><tr><td>1968.....</td><td>6</td></tr><tr><td>1969.....</td><td>9</td></tr><tr><td>1970.....</td><td>12</td></tr><tr><td>1971.....</td><td>15</td></tr><tr><td>1972.....</td><td>18</td></tr><tr><td>1973.....</td><td>21</td></tr><tr><td>1974.....</td><td>23</td></tr></table> <p>Women who attain age 65 in 1972 need the same number of quarters of coverage—18—for regular insured status and men who attain 65 in 1974 need the same number—23—so the transitional provision washes out in those years.</p>	Year attains age 65:	Required quarters	1968.....	6	1969.....	9	1970.....	12	1971.....	15	1972.....	18	1973.....	21	1974.....	23	<p>Modifies prior provision so that 3 quarters rather than 6 would be required for people attaining age 65 in 1968, with the requirements for later years also reduced by 3 as follows:</p> <table><tr><th>Year attains age 65:</th><th>Required quarters</th></tr><tr><td>1968.....</td><td>3</td></tr><tr><td>1969.....</td><td>6</td></tr><tr><td>1970.....</td><td>9</td></tr><tr><td>1971.....</td><td>12</td></tr><tr><td>1972.....</td><td>15</td></tr><tr><td>1973.....</td><td>18</td></tr><tr><td>1974.....</td><td>21</td></tr><tr><td>1975.....</td><td>24</td></tr></table> <p>For women the provision washes out in 1974; for men in 1975.</p>	Year attains age 65:	Required quarters	1968.....	3	1969.....	6	1970.....	9	1971.....	12	1972.....	15	1973.....	18	1974.....	21	1975.....	24
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HEALTH INSURANCE—Continued

(Title XVIII of the Social Security Act)—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>I. Hospital insurance—Continued</p> <p>B. Benefits:</p> <p>1. Hospital benefits-----</p>	<p>Eligible individuals are entitled to have payment made for up to 90 days of hospital care, subject to a deductible of \$40 and to copay of \$10 a day for the 61st through the 90th day during each spell of illness.</p>	<p>Each medicare beneficiary will be entitled to a lifetime reserve of 60 days of hospital care after the 90 days in a spell of illness are exhausted. Coinsurance of \$20 a day would apply to such added days of coverage.</p> <p>Effective: For services furnished after Dec. 31, 1967.</p>
2. Spell of illness-----	<p>A "spell of illness" begins with the 1st day of hospitalization and ends with the end of the 1st 60-day period during all of which the individual is not a patient of either a hospital or nursing home.</p>	<p>No change.</p>
3. Mental or TB hospital credit.	<p>If an individual is an inpatient of a mental or TB hospital when he becomes eligible for hospital insurance the number of days he was such an inpatient prior to his eligibility are counted against the 90 days of coverage. Hospital inpatient coverage in a mental hospital is further limited by a 190-day lifetime maximum. (Days in such a hospital just before eligibility do not count against the lifetime maximum.)</p>	<p>Tuberculosis hospitals are removed from the provision and the provision will no longer apply in the case of an individual who is treated in a general hospital for a condition not related to mental illness. The number of days counted against days of coverage is increased from 90 to 150.</p> <p>Effective: For services furnished after Dec. 31, 1967.</p>
4. Posthospital extended care.	<p>Beneficiaries are also eligible for post-hospital extended care (in a qualified facility having an arrangement with a hospital for the timely transfer of patients and for the furnishing of medical information about patients) if the patient is transferred to the hospital within 14 days of discharge (after at least a 3-day stay) for up to 100 days in each spell of illness. Patients pay \$5 a day for each day after 20 days of extended care in a spell of illness.</p>	<p>No change.</p>
5. Posthospital home health services.	<p>Benefits also include posthospital home health services for up to 100 visits, after discharge from a hospital (after at least a 3-day stay) or, if later, after a covered stay in an extended care facility, and before the beginning of a new spell of illness. The patient must be in the care of a physician and under a plan established by a physician within 14 days of discharge from the hospital or extended care facility. The covered services include intermittent nursing care, therapy, and, to the extent provided in regulations, the part-time services of a home health aide. For the services to be covered, the patient must be homebound, except that, when certain equipment is used, the individual may be taken to a hospital or extended care facility or rehabilitation center to receive services involving nontransportable equipment.</p>	<p>No change.</p>

6. Outpatient hospital diagnostic services.-----	<p>Outpatient hospital diagnostic services are covered subject to a \$20 deductible amount and 20-percent coinsurance for each diagnostic study (that is, for diagnostic services furnished to an individual by the same hospital during a 20-day period). (Amounts credited toward the \$20 deductible are treated as covered expenses under the pt. B supplementary medical insurance program.)</p>	<p>Transfers hospital outpatient diagnostic services from the hospital insurance program to the supplementary medical insurance program. The effect of the change is that all hospital outpatient services will be covered under the supplementary medical insurance program and thus subject to the pt. B deductible (\$50 a year) and coinsurance (20 percent). Effective: For services furnished after Mar. 31, 1968.</p>
7. Changes in deductible.-----	<p>The deductible amounts for inpatient hospital and outpatient hospital diagnostic services will be increased if necessary to keep pace with increases in hospital costs, but no such increase will occur before 1969. The coinsurance amounts for long-stay hospital and extended care facility benefits will be correspondingly adjusted. Increases in the hospital deductible will be made only when a \$4 change is called for and the outpatient deductible will change in \$2 steps.</p>	<p>As indicated above, the separate outpatient deductible will be eliminated.</p>
8. Blood deductible.-----	<p>In addition to the \$40 deductible for inpatient hospital services there is a deductible in an amount equal to the cost of the first 3 pints of blood furnished for an individual during a spell of illness. When the blood is not replaced, the difference between the cost of the blood to the hospital and the charge to the beneficiary is deducted from the payments the program would otherwise make to the hospital.</p>	<p>The definition of "blood" is broadened to include units of packed red blood cells and the 3-pint deductible is also applied to the supplementary medical insurance program. Effective: For blood or packed red cells furnished after Dec. 31, 1967.</p>
C. Definition of providers of services:----- 1. Hospital.-----	<p>In general, the term "hospital" means an institution which (1) is primarily engaged in providing diagnostic and therapeutic services for medical diagnosis, treatment, and care, or rehabilitation services for injured, disabled, or sick persons; (2) maintains clinical records on all patients; (3) has bylaws in effect with respect to its staff of physicians; (4) requires that every patient be under the care of a physician; (5) provides 24-hour nursing service rendered by or under the supervision of a registered nurse; (6) has in effect a hospital utilization review plan; (7) in the case of an institution in any State which provides for licensing of hospitals, is licensed (or approved) by the licensing agency pursuant to State or local law; and (8) meets such other requirements as the Secretary finds necessary in the interest of health and safety (except that these requirements may not be higher than the comparable requirements prescribed for accreditation of hospitals by the Joint Commission on Accreditation of Hospitals). A hospital which is accredited by the Joint Commission is deemed to meet all of the above qualifications except the utilization review requirement. For the specific purpose of determining how long an individual is out of a hospital in order to establish when a spell of illness ends, an institution satisfying item (1) of the definition is a "hospital."</p>	<p>No change.</p>

HEALTH INSURANCE—Continued **(Title XVIII of the Social Security Act)—Continued**

Item	Prior law	Law as amended by Public Law 90-248
<p>I. Hospital insurance—Continued</p> <p>C. Definition of providers of services—Continued</p> <p>2. Emergency hospital....</p>	<p>In determining whether emergency hospital services are covered and for purposes of describing the institution from which an individual must be transferred in order to be eligible for posthospital extended care or posthospital home health services, an institution satisfying items (1), (2), (3), (4), (5), and (7) of the definition is a "hospital." The term "hospital" does not (except for purposes of determining when a spell of illness ends) include any institution which is primarily for the care and treatment of mental diseases or tuberculosis, unless it is a tuberculosis hospital or a psychiatric hospital as defined below. The term "hospital" also includes a Christian Science sanatorium operated or listed and certified by the First Church of Christ Scientist, Boston, Mass., but payment may be made with respect to services provided by or in such a sanatorium only to such extent and under such limitations and requirements as may be provided in regulations.</p>	<p>The definition of hospital for emergency purposes is changed to mean an institution which:</p> <p>(1) Is licensed as a hospital;</p> <p>(2) Has full-time nursing service; and</p> <p>(3) Is primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. (See p. 32 for description of other changes affecting coverage of emergency hospital care.)</p> <p>Effective: As of July 1, 1966.</p>
<p>3. Psychiatric hospital....</p>	<p>The term "psychiatric hospital" means an institution which (1) is primarily engaged in providing, by or under the supervision of a physician, psychiatric services for the diagnosis and treatment of mentally ill persons; (2) satisfies the requirements prescribed for hospitals under items (3) through (8) in 1, above; (3) maintains clinical records on all patients and maintains such records as the Secretary of Health, Education, and Welfare finds necessary to determine the degree and intensity of the treatment provided to individuals entitled to hospital insurance benefits; (4) meets such staffing requirements as the Secretary finds necessary for the institution to carry out an active program of treatment for individuals who are furnished services in the institution; and (5) is accredited by the Joint Commission on Accreditation of Hospitals. If an institution satisfies requirements (1) and (2) and contains a distinct part which also satisfies requirements (3) and (4), the distinct part will be considered to be a "psychiatric hospital" if the institution is accredited by the Joint Commission on Accreditation of Hospitals or the distinct part satisfies requirements equivalent to the accreditation requirements of the Joint Commission as determined by the Secretary.</p>	<p>No change.</p>

4. Tuberculosis hospital...

The term "tuberculosis hospital" means an institution which (1) is primarily engaged in providing, by or under the supervision of a physician, medical services for the diagnosis and treatment of tuberculosis; (2) satisfies the requirements prescribed for hospitals under items (3) through (8) in 1, above; (3) maintains clinical records on all patients and maintains such records as the Secretary finds to be necessary to determine the degree and intensity of the treatment; (4) meets such staffing requirements as the Secretary may find necessary for the institution to carry out an active program of treatment for individuals who are furnished services in the institution; and (5) is accredited by the Joint Commission on Accreditation of Hospitals. If an institution satisfies requirements (1) and (2) and contains a distinct part which also satisfies requirements (3) and (4), the distinct part will be considered to be a "tuberculosis hospital" if the institution is accredited by the Joint Commission on Accreditation of Hospitals or the distinct part satisfies requirements equivalent to the accreditation requirements of the Joint Commission as determined by the Secretary.

No change

5. Extended care facility--

The term "extended care facility" means an institution (or a distinct part thereof) which has an agreement with one or more participating hospitals for the timely transfer of patients and their medical records and which (1) is primarily engaged in providing to inpatients skilled nursing care and related services, or rehabilitation services; (2) has policies which are developed with the advice of and periodically reviewed by a professional group (including at least 1 physician and at least 1 registered nurse) to govern the services it provides; (3) has a physician, registered nurse, or medical staff responsible for the execution of such policies; (4) requires that the health care of each patient be under the supervision of a physician and provides for having a physician available to furnish necessary emergency medical care; (5) maintains clinical records on all patients; (6) provides 24-hour nursing services sufficient to meet needs in accordance with facility policies and has at least 1 registered professional nurse employed full time; (7) provides appropriate methods for dispensing and administering drugs and biologicals; (8) has in effect a utilization review plan as defined below; (9) is licensed (or meets the standards for licensing) pursuant to State or local law; and (10) meets such other conditions relating to health and safety or physical facilities as the Secretary may find necessary. The term "extended care facility" does not include any institution which is primarily for the care and treatment of mental diseases or tuberculosis. For the specific purpose of determining when a spell of illness ends the term includes any institution which satisfies item (1).

No change.

HEALTH INSURANCE—Continued
(Title XVIII of the Social Security Act)—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>I. Hospital insurance—Continued</p> <p>C. Definition of providers of services—Continued</p> <p>6. Utilization review -----</p>	<p>A utilization review plan of a hospital or extended care facility will be considered sufficient if it is applicable to services furnished to individuals entitled to benefits under title XVIII and if it provides (1) for the review, on a sample or other basis, of admissions, duration of stays, and professional services from the standpoint of medical necessity and for the purpose of promoting the most efficient use of available health facilities and services; (2) for such review to be made by a staff committee of the institution which includes two or more physicians, or by a similarly composed group outside the institution which is established either by the local medical society and some or all of the hospitals and extended care facilities in the locality or in some other manner which may be approved by the Secretary; (3) for such review (in each case of a continuous stay of extended duration in a hospital or extended care facility) as of such days of such stay (which may be different for different classes of cases) as may be specified in regulations, with such review being made as promptly as possible after each day specified in the regulations but no later than 1 week following that day; and (4) for prompt notification to the institution, the individual, and his physician of any finding (which shall be made only after opportunity for consultation has been provided the physician) that further stay in the institution is not medically necessary. The utilization review plan must provide for review by a group outside the institution where, because of its small size (or, in the case of an extended care facility, because of lack of an organized medical staff), or for such other reasons as may be included in regulations, it is impracticable for the institution to have a properly functioning staff committee.</p>	No change.
<p>7. Home health agency ----</p>	<p>The term "home health agency" means a public agency or private organization (or a part of such agency or organization) which (1) primarily provides skilled nursing and other therapeutic services; (2) has policies established by a professional group associated with the agency or organization (including at least one physician and at least one registered nurse) to govern services it provides, and provides for supervision of such services by a physician or a registered nurse; (3) maintains clinical records on all patients; (4) is licensed (or meets standards for licensing) pursuant to State or local law;</p>	No change.

and (5) meets other conditions found by the Secretary to be necessary for health and safety. The term does not include a private organization which is not a nonprofit organization exempt from Federal income taxation unless it is licensed pursuant to State law and meets such additional standards and requirements as may be prescribed by regulations. For purposes of hospital insurance, the term does not include any agency or organization which is primarily for the care and treatment of mental diseases.

D. Conditions of payment

1. Physician certifications.

A physician must certify (and recertify, in such cases and as often and with such supporting material as may be provided in regulations, but in any event by the 20th day of hospitalization) that—

(A) in the case of inpatient hospital services (other than inpatient psychiatric hospital services and inpatient tuberculosis hospital services), the services were required to be given on an inpatient basis for medical treatment, or inpatient diagnostic study was medically required;

(B) in the case of inpatient psychiatric hospital services, the services were required to be given on an inpatient basis, by or under the supervision of a physician, for the psychiatric treatment of an individual, and such treatment could reasonably be expected to improve the condition, or inpatient diagnostic study was medically required;

(C) in the case of inpatient tuberculosis hospital services, the services were required to be given on an inpatient basis by or under supervision of a physician for the treatment of tuberculosis, and the treatment can be reasonably expected to improve the condition or render it noncommunicable;

(D) in the case of posthospital extended care services, the services were required to be given on an inpatient basis because the individual needed skilled nursing care on a continuing basis for a condition for which he was hospitalized prior to transfer to the extended care facility, or which arose while receiving care for such a condition;

(E) in the case of posthospital home health services, the services were required because the individual was confined to his home and needed intermittent skilled nursing care, or physical or speech therapy, for any of the conditions with respect to which he was receiving inpatient hospital services or posthospital extended care services, and the services were furnished while the individual was under the care of a physician and under a plan established and reviewed periodically by a physician; or

(F) in the case of outpatient hospital diagnostic services, the services were required for diagnostic study.

The (A) provision is deleted except with respect to recertifications.
Effective: For services furnished after date of enactment (Jan. 2, 1968).

No change.

No change.

No change.

No change.

The (F) provision is deleted. Effective: For services furnished after date of enactment (Jan. 2, 1968).

HEALTH INSURANCE—Continued
(Title XVIII of the Social Security Act)—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>I. Hospital insurance—Continued D. Conditions of payment—Con. 2. Review of long-stay cases.</p>	<p>Payment may not be made for inpatient hospital services furnished an individual after the 20th day of a continuous stay or for posthospital extended care services furnished continuously after a period of time prescribed in regulations if the Secretary, before such individual's admission to the hospital or extended care facility, has rendered an adverse decision that the hospital or extended care facility is not making the necessary utilization reviews of long-stay cases.</p> <p>Payment may not be made for inpatient hospital services or posthospital extended care services furnished an individual after a finding by the physician members of the appropriate utilization review committee that further inpatient hospital services or posthospital extended care services are medically unnecessary. If such a finding has been made, payment may not be made for services furnished after the third day after the day the notice of such finding is received by the hospital or extended care facility.</p>	<p>No change.</p>
<p>3. Emergency hospital services.</p>	<p>Payment may be made for emergency hospital services, in the absence of an agreement of the kind otherwise required between the Secretary and the hospital, to the extent that the Secretary would be required to make payment if the hospital had such an agreement in effect and otherwise met the conditions of payment. (See definition of hospital, above, for special definition of hospital for purposes of this provision.) The hospital must agree, as a condition of payment under this provision, not to charge the patient for the covered emergency services.</p>	<p>Provides that if the hospital does not bill for emergency hospital services, the patient could be paid 60 percent of the room and board charges and 80 percent of the hospital ancillary charges (of, if the hospital does not make separate charges for routine and ancillary services, $\frac{2}{3}$ of the hospital's reasonable charges), subject to deductible and other existing limitations. (See above for changes in definition of hospital for emergency purposes.)</p> <p>Effective: For admissions after Dec. 31, 1967. For outpatient services furnished between Jan. 1, 1968, and Apr. 1, 1968 (when all outpatient services become covered under SMI). Change in definition of hospital for emergency purposes is effective July 1, 1966, with the result that prior law payment procedures apply for admissions between that date and Dec. 31, 1967, in hospitals made newly eligible.</p>
<p>4. Services outside United States.</p>	<p>The preceding provisions for payments for emergency hospital services are applicable to emergency inpatient hospital services furnished by a hospital located outside the United States if the individual was present in the United States at the time the emergency which necessi-</p>	<p>No change.</p>

tated inpatient hospital services occurred and the hospital outside the United States was closer to, or substantially more accessible from, the place where the emergency arose than the nearest hospital within the United States which was adequately equipped to deal with the individual's illness or injury and available for the treatment of the illness or injury.

No provision.

5. Temporary coverage of nonparticipating hospitals.

Provides that payment may be made, on the basis of an itemized bill, to an individual entitled to hospital insurance benefits for inpatient hospital services furnished after June 30, 1966, in certain nonparticipating hospitals as a result of admissions occurring before January 1, 1968. The hospital must be licensed as a hospital, have full-time nursing services, and be primarily engaged in providing medical care under the supervision of a doctor of medicine or osteopathy. Application for reimbursement under this provision would have to be filed before Jan. 1, 1969, and payment would be limited to 60 percent of room and board charges and 80 percent of hospital ancillary charges for up to 90 days in each spell of illness (subject to cost-sharing provisions in present law) if the hospital formally participates in the hospital insurance program before Jan. 1, 1969, and applies its utilization review plan to the services furnished such individual. If the hospital does not participate before Jan. 1, 1969, payment under this provision would be limited to 20 days in each spell of illness.

E. Reasonable cost reimbursement.

Providers of services under the program are to be paid on the basis of reasonable costs (regardless of whether the service is covered under hospital or supplementary medical insurance). The reasonable cost of any service is determined under regulations establishing the method or methods to be used, and the items to be included, in determining such costs for various types or classes of institutions, agencies, and services. In prescribing these regulations the Secretary must consider, among other things, the principles developed and generally applied by national organizations or established prepayment organizations in computing the amount of payment to be made by third parties to providers of services. Such regulations may provide for determination of the cost of services on a per diem, per unit, per capita, or other basis, may provide for using different methods in different circumstances, may provide for the use of estimates of costs of particular items or services, and may provide for the use of charges or a percentage of charges where this method reasonably reflects the costs. Such regulations must take into account both direct and indirect costs of providers in order that the costs with respect to individuals covered by medicare will not be borne by individuals not so covered and the costs with respect to individuals not

The Secretary of Health, Education, and Welfare is authorized to experiment with various methods of reimbursement to organizations, institutions, and physicians, participating in medicare, medicaid, or the child health program which offer incentives for keeping costs down while maintaining quality.

HEALTH INSURANCE—Continued
(Title XVIII of the Social Security Act)—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>I. Hospital insurance—Continued E. Reasonable cost reimbursement—continued</p>	<p>covered will not be borne by medicare. The regulations must also provide for making retroactive corrective adjustments where, for any provider of services for any fiscal period, the total reimbursement produced by methods of determining costs proves to be either inadequate or excessive.</p> <p>Regulations in the case of extended care services furnished by proprietary facilities shall include provision for specific recognition of a reasonable return on equity capital, including necessary working capital, invested in the facility and used in the furnishing of such services, in lieu of other allowances to the extent that they reflect similar items. The rate of return recognized pursuant to the preceding sentence for determining the reasonable cost of any services furnished in any fiscal period shall not exceed $1\frac{1}{2}$ times the average of the rates of interest on obligations issued for purchase by the Federal Hospital Insurance Trust Fund. (By regulation these last two sentences also apply to proprietary hospitals.)</p> <p>If a patient receives inpatient services in accommodations which are more expensive than semiprivate accommodations, but which are not medically necessary, the amount of payment may not exceed an amount equal to the reasonable cost of such services if furnished in semiprivate accommodations. If a patient receives other items or services which are more expensive than those for which payment can be made, the Secretary will take into account for purposes of payment no more than the reasonable cost of the services that can be paid for.</p> <p>If a patient is placed in accommodations less expensive than semiprivate accommodations for a reason the Secretary determines is not consistent with the program's purpose (and not at the patient's request), payment will be limited to the reasonable cost of semiprivate accommodations minus the difference between the customary charges for semiprivate accommodations and the accommodations furnished.</p>	<p>Hospitals will be permitted, as an alternative to the present procedure, to collect small charges (if not more than \$50) for outpatient hospital services from the beneficiary without submitting a cost-reimbursement bill to medicare. (The amounts collected would be counted as expenses reimbursable to the beneficiary under the medical insurance plan.) The payments due the hospitals would be computed at intervals to assure that the hospital received its final reimbursement on a cost basis. Effective: Services furnished after Mar. 31, 1968.</p> <p style="text-align: center;">No change.</p> <p style="text-align: center;">No change.</p> <p style="text-align: center;">No change.</p>

F. Administration:

1. State agencies-----

The term "semiprivate accommodations" means 2-bed, 3-bed, or 4-bed accommodations.

The Secretary is required to make an agreement with any State which is able and willing to enter into an agreement to utilize the services of the State health agency or other appropriate State agencies for the purpose of determining which institutions and agencies qualify to participate in the programs under medicare and whether independent laboratories meet the requirements of law and regulation.

The Secretary may accept a State (or local) agency's findings as to the qualifications of an institution or agency to participate. The Secretary may also, pursuant to agreement, use State and local agencies to do any of the following: (1) provide consultative services to institutions or agencies to assist them in establishing and maintaining fiscal records or otherwise qualifying for participation, or in providing information necessary to determine what benefits are payable; and (2) provide consultative services to institutions, agencies, or organizations to assist them in establishing and evaluating the effectiveness of utilization review procedures.

The Secretary is to pay the State for the reasonable costs of the administrative activities performed under its agreement and for the Federal Hospital Insurance Trust Fund's fair share of the costs attributable to planning and other efforts directed toward coordination of activities in carrying out its agreement and other activities related to the provision of services similar to those covered under medicare or related to the facilities and personnel required for the provision of such services, or related to improving the quality of such services.

If any group or association of providers of services wishes to have payments under pt. A made through a National, State, or other public or private agency or organization, and nominates such an agency or organization for this purpose, the Secretary may enter into an agreement with the agency or organization providing for the determination of the amount to be paid under pt. A to such providers, and for the payment to such providers of the amounts so determined. The agreement may also include provision for the agency or organization to do all or any part of the following: (1) provide consultative services to institutions or agencies to enable them to establish and maintain fiscal records and otherwise to qualify as participants in the program; and (2) serve as a center for communications between the providers covered under the agreement and the Secretary, and make such audits of the records of such providers as may be necessary to assure proper payment.

2. Intermediaries-----

No change

This provision is repealed effective July 1, 1969. (See p. 78 for substitute provision in the medicaid (title XIX) program.)

HEALTH INSURANCE—Continued

(Title XVIII of the Social Security Act)—Continued

Item	Prior law	Law as amended by Public Law 90-248
I. Hospital insurance—Continued F. Administration—Continued	<p>The Secretary may not enter into an agreement with an agency or organization unless (1) he finds that (A) to do so is consistent with effective and efficient administration, (B) the agency or organization is willing and able to assist the providers in the application of safeguards against unnecessary utilization of services (and the agreement provides for such assistance), and (2) the agency or organization agrees to furnish to the Secretary such information acquired by it in carrying out its agreement as the Secretary may find necessary to perform his functions under pt. A.</p> <p>An agreement may contain such terms and conditions as the Secretary finds necessary or appropriate and may provide for advances of funds to the agency or organization for making payments to providers of services. Such an agreement may also provide for payment to the agency or organization of the necessary and proper costs of carrying out its functions performed or to be performed under the terms of the agreement.</p>	<p>No change.</p>
	<p>If the nomination of an agency or organization is made by a group or association of providers of services, it will not be binding on members of the group or association which notify the Secretary of their election to that effect. Any provider may, upon notice, withdraw its nomination to receive payments through such agency or organization. Any provider which has withdrawn its nomination (and any provider which has not made a nomination) may elect to receive payments either directly from the Secretary or from any agency or organization which has entered into an agreement with the Secretary if the Secretary and such agency or organization agree to it.</p>	<p>No change.</p>
G. Financing -----	<p>Taxes pursuant to the schedule below are deposited in the Federal Hospital Insurance Trust Fund from which all benefits and administrative expenses are disbursed. The Trust Fund also receives the general revenues to meet the expenses arising from those who qualify under the transitional insured provision. The hospital insurance taxes under the railroad retirement system are also deposited in the fund.</p>	

H. Hospital insurance taxes paid by railroad employees.

II. Supplementary medical insurance—
pt. B:
A. Eligibility-----

B. Enrollment and disenrollment-----

C. Coverage period-----

Hospital Insurance Tax Schedule:	Percent
1968-72-----	0.5
1973-75-----	.55
1976-79-----	.6
1980-86-----	.7
1987 and after-----	.8

People employed under both railroad retirement and social security pay hospital insurance taxes on wages covered under both systems. If taxes are paid on more than the maximum amount of wages taxable under 1 program no provision for refund of excess taxes.

Each individual who has attained age 65 and who is a resident of the United States and is either a citizen, or an alien who has been a lawful resident for 5 years or more, is eligible to enroll under pt. B. Any person eligible for hospital insurance benefits is eligible regardless of the preceding requirement.

An eligible individual may enroll during the 7-month period beginning with the 3d month before the month he reaches age 65 and ending with the 3d month after the month in which he reaches age 65.

In addition, an individual who fails to enroll in the 7-month period may enroll in a general enrollment period. The 1st general enrollment period began Oct. 1, 1967, and ran through Mar. 31, 1968. General enrollment periods running from Oct. 1 through Dec. 31 begin in 1969 and every odd year thereafter. An individual may not enroll more than 3 years after the close of his 1st enrollment period. A person who dis-enrolls may enroll only once after that.

Coverage may be terminated by an individual receiving social security, railroad retirement, or civil service benefits (whose premiums must be deducted from their benefits) only during a general enrollment period. Persons not receiving those benefits can terminate coverage by notice during a general enrollment period or by nonpayment of premiums (subject to a grace period of up to 90 days).

An individual who enrolls in a month before the month in which he reaches age 65 will be eligible for benefits beginning with the first day of the month he reaches age 65. If he enrolls in the month in which he reaches age 65, coverage is effective with the next month. If he enrolls in the month after he reaches 65 coverage is effective with the 2d month following the month in which he enrolls. If he enrolls in the 2d month

Hospital Insurance Tax Schedule:	Percent
1968-72-----	0.6
1973-75-----	.65
1976-79-----	.7
1980-86-----	.8
1987 and after-----	.9

An employee's hospital insurance taxes in excess of the maximum may be refunded.

No change.

A person over 65 who believes, on the basis of documentary evidence, that he has just reached age 65 will be allowed to enroll in the program as if he had attained age 65 on the date shown in the evidence. Effective: for enrollments beginning in February 1968.

General enrollment periods run from Jan. 1 through Mar. 31 beginning in 1969 and every year thereafter. An individual may enroll within a general enrollment period which begins within 3 years after the close of his first enrollment period.

Persons receiving social security, railroad retirement, or civil service retirement benefits can file a notice to disenroll at any time and coverage will terminate with the close of the calendar quarter following the quarter in which the notice is filed.

Effective: Apr. 1, 1968.

HEALTH INSURANCE—Continued (Title XVIII of the Social Security Act)—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>II. Supplementary medical insurance— pt. B—Continued C. Coverage period—Continued</p>	<p>or 3d month after the month in which he reaches age 65 coverage is effective with the 3d month following the month in which he enrolls. If an individual enrolls during a general enrollment period coverage is effective with the July 1 following. If an individual disenrolls during a general enrollment period his coverage ends with Dec. 31 of the period (except that, if an individual disenrolls during January, February, or March of the general enrollment period running from Oct. 1, 1967, to Mar. 31, 1968, coverage will end with Mar. 31, 1968).</p>	<p>If an individual disenrolls during a general enrollment period beginning in 1969 or later, coverage ends with Apr. 1 of that year.</p>
<p>D. Premiums-----</p>	<p>The monthly premium for each month before April 1968 is \$3.00. The Secretary was required to announce before Jan. 1, 1968, the premium amount to be effective for April 1968—\$4.00. The Secretary must announce during the period July 1 to Oct. 1, 1969, the premium amount to be in effect from January 1970 through December 1971. The Secretary is required to make similar announcements in each odd-numbered year thereafter.</p> <p>If an individual 1st enrolls more than 12 months after he could have enrolled, his premium is increased by 10 percent for each full 12 months the individual could have been but was not enrolled.</p>	<p>The Secretary is to announce by Jan. 1, 1969, and each year thereafter, the premium amount which is to be in effect for the 12-month period beginning the following July 1. The \$4.00 premium announced by the Secretary in December 1967 will apply from April 1968 through June 1969. At the time the premium amount is announced, the Secretary must issue a public statement setting forth the actuarial bases and assumptions used in arriving at the premium amount. The latter provision is effective after Dec. 1, 1968.</p> <p>No change.</p>
<p>E. Financing-----</p>	<p>Premiums paid by enrollees with matching amounts appropriated from general revenues are deposited in a Federal Supplementary Medical Insurance Trust Fund from which all benefits and administrative expenses of the program are paid.</p> <p>General revenue appropriation can also include a contingency fund available during 1966 and 1967.</p>	<p>Adds provisions authorizing payment from general revenues to the Federal Supplementary Medical Insurance Trust Fund to put the Trust Fund in the same fiscal position it would have been had the matching general revenues been deposited in the Fund at the same time the premiums were deposited.</p> <p>Effective: For fiscal years occurring after June 30, 1967.</p> <p>Contingency fund would be made available through 1969.</p>
<p>F. Benefits-----</p>	<p>The supplementary medical insurance plan covers physicians' services, home health services, and numerous other medical and health services in and out of medical institutions as set forth below; however, they are not covered if they would constitute items which could be paid for under pt. A without regard to deductibles, coinsurance, or time-limit provisions:</p>	<p>Removes exclusion of services which are covered under pt. A. (Another provision of law avoids duplicate payment.)</p> <p>Effective: For services furnished after Mar. 31, 1968.</p>

There is an annual deductible of \$50 (but expenses counted toward a deductible in the last 3 months of a year count also in the following year). Then the plan covers 80 percent of the reasonable charges (above the deductible) for the following services:

- (1) physicians' and surgeons' services, whether furnished in a hospital, clinic, office, home, or elsewhere;
- (2) home health services (with no requirement of prior hospitalization) for up to 100 visits during each calendar year;
- (3) diagnostic X-ray, diagnostic laboratory tests, and other diagnostic tests;
- (4) X-ray, radium, and radioactive isotope therapy;
- (5) ambulance services; and
- (6) surgical dressings and splints, casts, and other devices for reduction of fractures and dislocations;

rental of durable medical equipment such as iron lungs, oxygen tents, hospital beds, and wheelchairs used in the patient's home, prosthetic devices (other than dental) which replace all or part of an internal body organ; braces and artificial legs, arms, eyes, etc.

There is a special limitation on outside-the-hospital treatment of mental, psychoneurotic, and personality disorders. Payment for such treatment during any calendar year is limited, in effect, to \$250 or 50 percent of the expenses, whichever is smaller.

G. Physical therapy services-----

Covered where furnished as part of inpatient hospital services, outpatient hospital services, and home health services. Not covered if performed in physical therapist's office.

H. Administration:-----

1. Carriers-----

The Secretary of Health, Education, and Welfare is required, to the extent possible, to contract with carriers to carry out the major administrative functions relating to the voluntary supplementary medical insurance plan such as determining rates of payments under the program and holding and disbursing funds for benefit payments. No contract is to be entered into by the Secretary unless he finds that the carrier will perform its obligations under the contract efficiently and effectively and will meet such requirements as to financial responsibility, legal authority, and other matters as he finds pertinent. The contract must provide that the carrier take necessary action to see that where payments are on a cost basis (to institutional providers of services), the cost is a reasonable cost.

Adds deductible of 3 pints of blood with a unit of packed red cells equivalent to a pint of blood.
Effective: With blood furnished after Dec. 31, 1967.

Provides that 100 percent of the reasonable charges will be reimbursed for pathology and radiology services furnished to hospital inpatients.

Effective: For services after Mar. 31, 1968.

Covers the services of licensed podiatrists (but excludes routine foot care).

Effective: For services after Dec. 31, 1967.

Permits payment to be made for durable medical equipment needed by an individual whether rented or purchased. If purchased, payment would be made periodically in the same amount as if equipment were rented, up to the purchase price.

Effective: For items purchased after Dec. 31, 1967.

Permits payment for diagnostic X-rays taken in a patient's home or in a nursing home. These services will be covered only if they are provided under the supervision of a physician and are performed under health and safety regulations of the Secretary.

Effective: For services furnished after Dec. 31, 1967.

Covers outpatient physical therapy services no matter where performed, furnished by physical therapists employed by or under an agreement with and under the supervision of hospitals and other providers of services as well as approved clinics, rehabilitation centers, and local public health agencies.

Effective: For services furnished after June 30, 1968.

1. No change.

HEALTH INSURANCE—Continued

(Title XVIII of the Social Security Act)—Continued

Item	Prior law	Law as amended by Public Law 90-248
II. Supplementary medical insurance— pt. B—Continued H. Administration—Continued 2. Reasonable charges—	<p>Correspondingly, where payments are on a charge basis (to physicians or others furnishing noninstitutional services), the carrier must see that the charges are reasonable and not higher than the charges applicable, for a comparable service and under comparable circumstances, to the other policyholders and subscribers of the carrier. In determining reasonable charges, the carriers will consider the customary charges for similar services generally made by the physician or other person or organization furnishing the covered services, and also the prevailing charges in the locality for similar services.</p>	<p>2. No change.</p>
3. Physician payment method.	<p>Payment by the carrier for physicians' services can be made only on the basis of a receipted bill, or on the basis of an assignment under the terms of which the physician agrees to accept the reasonable charge as determined by the carriers as the full charge for the service.</p>	<p>3. Permits payment either to the patient on the basis of an itemized bill (paid or unpaid) or to the physician under the assignment method. Effective: For claims not completed by Jan. 2, 1968.</p>
4. Time limit on filing SMI claims.	<p>No provision.</p>	<p>4. Claims must be filed no later than the close of the calendar year following the year (and the last 3 months of the previous year) in which the services are furnished Effective: For bills submitted after March 1968.</p>
I. Reimbursement for civil service annuitants for premium payments.	<p>No provision.</p>	<p>Federal employee health benefit plans would be permitted to reimburse civil service retirement annuitants for the premium payments they make to the supplementary medical insurance program, provided such reimbursement is financed from funds other than contributions made by the Federal Government and the Federal employees toward the health benefit plan. Effective: On enactment, Jan. 2, 1968.</p>
III. Exclusions from both Medicare programs.	<p>The following are excluded from both pt. A and pt. B of medicare: Items or services— (1) which are not necessary for medical diagnosis or treatment or improved functioning of a malformed body member; (2) for which the individual is not obligated to pay (a free chest X-ray, for example); (3) which are paid for by some other governmental entity except where specified by the Secretary; (4) which are furnished outside the United States (except for emergency hospitalization as described above);</p>	

- (5) which are required as a result of war;
- (6) which are personal comfort items;
- (7) which are routine physical checkups, eyeglasses or eye examination for the purpose of prescribing, fitting, or changing eyeglasses, hearing aids or examinations therefor, or immunizations;
- (8) for orthopedic shoes or other supportive devices for the feet;
- (9) are for custodial care;
- (10) which are for cosmetic surgery, except for prompt repair of accidental injury;
- (11) furnished by immediate relatives or members of the same household;
- (12) in connection with the care, treatment, filling, removal, or replacement of teeth or structure directly supporting teeth; or
- (13) which are, or can be expected to be, paid for under workmen's compensation.

IV. Advisory groups:
A. Health Insurance Benefits Advisory Council.

A Health Insurance Benefits Advisory Council is established for the purpose of advising the Secretary of Health, Education, and Welfare on matters of general policy in the administration of the medicare program and in the formulation of regulations under medicare. The Council is composed of 16 members, one of them designated Chairman, selected by the Secretary. Members hold office for 4 years with the initial appointments varied so that 1 quarter of the membership is appointed each year.

B. National Medical Review Committee.

A National Medical Review Committee is required to be established for the purpose of studying the utilization of hospital and other medical care and services "with a view to recommending any changes which may seem desirable in the way in which such care and services are utilized or in the administration of the programs established by this title, or in the provisions of this title." The Committee is composed of 9 persons, a majority of which shall be physicians, representative of organizations of professional personnel in the field of health or outstanding in that field. 1 member shall represent the general public. Appointments are for 3 years with initial appointments set at intervals so that 3 members are appointed or reappointed every year. Committee was never appointed.

C. Other groups and studies:
1. Health practitioners---

No provision.

Adds exclusion of refractive procedures on the eye performed for any purpose.
Effective: On enactment, Jan. 2, 1968.

Adds exclusion of routine foot care.
Effective: For services furnished after Dec. 31, 1967.

The Health Insurance Benefits Advisory Council assumes the duties of the National Medical Review Committee (which was never formed). The Council's membership is increased from 16 to 19 persons.
Effective: On enactment, Jan. 2, 1968.

Repealed: See above.

The Secretary of Health, Education, and Welfare is required to study the need for, and make recommendations concerning, the extension of coverage under the supplementary medical insurance program to the services of additional types of personnel who engage in the independent practice of furnishing health services.
Report due Jan. 1, 1969.

HEALTH INSURANCE—Continued (Title XVIII of the Social Security Act)—Continued

Item	Prior law	Law as amended by Public Law 90-248
<p>IV. Advisory group—Continued C. Other groups and studies—Con. 2. Disabled under medicare.</p>	<p>No provision.</p>	<p>The Secretary of Health, Education, and Welfare is required to establish an Advisory Council to study the problems relative to including the disabled under the health insurance program, and also any special problems with regard to the costs which would be involved in such coverage. The Council is to make its report by Jan. 1, 1969.</p>
<p>3. Drug study-----</p>	<p>No provision.</p>	<p>The Secretary of HEW is required to study and report to the Congress, prior to Jan. 1, 1969, the savings which might accrue to the Government and the effects on the health professions and on all elements of the drug industry which might result from enactment of two proposals relating to drugs: (1) a proposal to cover prescription drugs under medicare; and (2) a proposal to establish, through a formulary committee, quality and cost control standards for drugs provided under the various programs of the Social Security Act.</p>
<p>V. Overpayments and underpayments.----</p>	<p>Where more than the correct amount is paid for a service or item under medicare, the overpayment can be recouped by withholding regular cash social security or railroad retirement benefits. No special provision for handling underpayments under pt. B program.</p>	<p>Provides that amounts due under the supplementary medical insurance program after the beneficiary's death be paid to the person who paid for the services, either before or after the beneficiary's death, or to the person who provided the services. (If the person who paid for the services is the decedent, the payment would be made to the legal representative of his estate if there is one.) Otherwise the benefits will be paid under the following order of payment:</p> <ol style="list-style-type: none"> 1. Spouse living with the individual at time of his death or to the spouse not living with individual but entitled to benefits on the same earnings record. 2. Child entitled to benefits on the same earnings record. 3. Parent entitled to benefits on the same earnings record. 4. Spouse who was neither entitled to benefits on the same earnings record nor living with the individual. 5. Child not entitled to benefits on the same earnings record. 6. Parent not entitled to benefits on the same earnings record. 7. Legal representative of the individual's estate, if any. <p>Effective: Underpayments outstanding arising after enactment, Jan. 2, 1968.</p>

DATA ON OASDHI

TABLE 1.—Maximum contribution amounts under Public Law 90-248—Old-age, survivors, disability, and hospital insurance

Calendar year	OASDI		Hospital insurance		Total	
	Previous law	(Public Law 90-248)	Previous law	(Public Law 90-248)	Previous law	(Public Law 90-248)
Employee						
1967-----	\$257. 40	\$257. 40	\$33. 00	\$33. 00	\$290. 40	\$290. 40
1968-----	257. 40	296. 40	33. 00	46. 80	290. 40	343. 20
1969-70-----	290. 40	327. 60	33. 00	46. 80	323. 40	374. 40
1971-72-----	290. 40	358. 80	33. 00	46. 80	323. 40	405. 60
1973-75-----	320. 10	390. 00	36. 30	50. 70	356. 40	440. 70
1976-79-----	320. 10	390. 00	39. 60	54. 60	359. 70	444. 60
1980-86-----	320. 10	390. 00	46. 20	62. 40	366. 30	452. 40
1987 and after-----	320. 10	390. 00	52. 80	70. 20	372. 90	460. 20
Self-employed						
1967-----	\$389. 40	\$389. 40	\$33. 00	\$33. 00	\$422. 40	\$422. 40
1968-----	389. 40	452. 40	33. 00	46. 80	422. 40	499. 20
1969-70-----	435. 60	491. 40	33. 00	46. 80	468. 60	538. 20
1971-72-----	435. 60	538. 20	33. 00	46. 80	468. 60	585. 00
1973-75-----	462. 00	546. 00	36. 30	50. 70	498. 30	596. 70
1976-79-----	462. 00	546. 00	39. 60	54. 60	501. 60	600. 60
1980-86-----	462. 00	546. 00	46. 20	62. 40	508. 20	608. 40
1987 and after-----	462. 00	546. 00	52. 80	70. 20	514. 80	616. 20

Source: Chief Actuary, Social Security Administration.

DATA ON OASDHI—Continued

TABLE 2.—Progress of old-age and survivors insurance trust fund, short-range estimate

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year ³
Actual data						
1951-----	\$3,367	\$1,885	\$81	-----	\$417	\$15,540
1952-----	3,819	2,194	88	-----	365	17,442
1953-----	3,945	3,006	88	-----	414	18,707
1954-----	5,163	3,670	92	-----	447	20,576
1955-----	5,713	4,968	119	-\$21	454	21,663
1956-----	6,172	5,715	132	-7	526	22,519
1957-----	6,825	7,347	162	-5	556	22,393
1958-----	7,566	8,327	194	-2	552	21,864
1959-----	8,052	9,842	184	124	532	20,141
1960-----	10,866	10,677	203	282	516	20,324
1961-----	11,285	11,862	239	318	548	19,725
1962-----	12,059	13,356	256	332	526	18,337
1963-----	14,541	14,217	281	361	521	18,480
1964-----	15,689	14,914	296	423	569	19,125
1965-----	16,017	16,737	328	403	593	18,235
1966-----	20,658	18,267	256	436	644	20,570
Estimated data, Public Law 90-248						
1967-----	\$23,210	\$19,486	\$393	\$508	\$797	\$24,190
1968-----	23,794	22,664	488	459	904	25,277
1969-----	27,454	24,166	435	530	986	28,586
1970-----	28,811	25,126	448	619	1,136	32,340
1971-----	32,478	26,145	463	601	1,386	38,995
1972-----	33,905	27,161	478	582	1,735	46,414

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

³ Not including amounts in the railroad retirement account to the credit of the old-age and survivors insurance trust fund. In millions of dollars, these amounted to \$377 for 1953, \$284 for 1954, \$163 for 1955, \$60 for 1956, and nothing for 1957 and thereafter.

⁴ These figures are artificially high because of the method of reimbursements between this trust fund and the disability insurance trust fund (and, likewise, the figure for 1959 is too low).

NOTE.—Contributions include reimbursement for additional cost of non-contributory credit for military service and for the special benefits payable to certain noninsured persons aged 72 and over.

TABLE 3.—*Progress of disability insurance trust fund, short-range cost estimate*

[In millions]

Calendar year	Contributions	Benefit payments	Administrative expenses	Railroad retirement financial interchange ¹	Interest on fund ²	Balance in fund at end of year
Actual data						
1957-----	\$702	\$57	³ \$3	-----	\$7	\$649
1958-----	966	249	³ 12	-----	25	1, 379
1959-----	891	457	50	-----	40	1, 825
1960-----	1, 010	568	36	--\$22	53	2, 289
1961-----	1, 038	887	64	5	66	2, 437
1962-----						
1963-----	1, 046	1, 105	66	11	68	2, 368
1964-----	1, 099	1, 210	68	20	66	2, 235
1965-----	1, 154	1, 309	79	19	64	2, 047
1966-----	1, 188	1, 573	90	24	59	1, 606
1967-----	2, 022	1, 784	137	25	58	1, 739
Estimated data, Public Law 90-248						
1967-----	\$2, 313	\$1, 956	\$107	\$31	\$72	\$2, 030
1968-----	3, 236	2, 390	129	44	95	2, 798
1969-----	3, 517	2, 608	121	22	131	3, 695
1970-----	3, 629	2, 740	123	22	171	4, 610
1971-----	3, 759	2, 867	127	25	212	5, 562
1972-----	3, 880	2, 985	133	29	253	6, 548

¹ A negative figure indicates payment to the trust fund from the railroad retirement account, and a positive figure indicates the reverse.

² An interest rate of 3.75 percent is used in determining the level-costs under the intermediate-cost long-range estimates, but in developing the progress of the trust fund a varying rate in the early years has been used.

³ These figures are artificially low because of the method of reimbursements between this trust fund and the old-age and survivors insurance trust fund (and, likewise, the figure for 1959 is too high).

NOTE.—Contributions include reimbursement for additional cost of non-contributory credit for military service.

DATA ON OASDHI—Continued

TABLE 4.—*Progress of hospital insurance trust fund, short range estimate*
[In millions]

Calendar year	Contribu- tions	Benefit payments	Administrative expenses	Interest on fund ¹	Balance in fund at end of year
Actual data					
1966-----	\$1, 911	\$767	² \$57	\$34	\$1, 121
Estimated data, Public Law 90-248					
1967-----	\$2, 943	\$2, 683	\$94	\$45	\$1, 332
1968-----	3, 972	3, 190	112	64	2, 066
1969-----	4, 223	3, 636	127	90	2, 616
1970-----	4, 391	3, 982	139	108	2, 994
1971-----	4, 564	4, 292	150	117	3, 233
1972-----	4, 732	4, 602	161	121	3, 323

¹ An interest rate of 3.75 percent is used in determining the level-costs, but in developing the progress of the trust fund a varying rate in the early years has been used, ranging down from 5 percent initially to 4 percent after 1975.

² Including administrative expenses incurred in 1965.

NOTE. The transactions relating to the noninsured persons, the costs for whom is borne out of the general funds of the Treasury, are not included in the above figures. The actual disbursements in 1966, and the balance in the trust fund by the end of the year, have been adjusted by an estimated \$174,-000,000 on this account.

TABLE 5.—*Comparison of contribution income and benefit outgo under prior law and under Public Law 90-248, old-age, survivors, disability, and hospital insurance*

Calendar year	[In billions of dollars]		
	Contribution income	Benefit outgo	Excess of contributions over benefits
	Prior law		
1967-----	28.5	24.2	4.3
1968-----	29.6	25.5	4.1
1969-----	33.7	26.9	6.8
1970-----	35.2	28.2	7.0
1971-----	36.2	29.4	6.8
1972-----	37.2	30.8	6.4
	Public Law 90-248		
1968-----	31.0	28.3	2.7
1969-----	35.2	30.4	4.8
1970-----	36.8	31.8	5.0
1971-----	40.8	33.3	7.5
1972-----	42.5	34.7	7.8

Source: Chief Actuary, Social Security Administration.

DATA ON OASDHI—Continued

TABLE 6.—Tax rates under prior law and under Public Law 90-248, employer-employee, each, and self-employed

[In percent]

Period	OASDI		HI		Total	
	Prior law	Amendments	Prior law	Amendments	Prior law	Amendments
Employee-employer, each						
1968-----	3.9	3.8	0.5	0.6	4.4	4.4
1969-70-----	4.4	4.2	.5	.6	4.9	4.8
1971-72-----	4.4	4.6	.5	.6	4.9	5.2
1973-75-----	4.85	5.0	.55	.65	5.4	5.65
1976-79-----	4.85	5.0	.6	.7	5.45	5.7
1980-86-----	4.85	5.0	.7	.8	5.55	5.8
1987 and after-----	4.85	5.0	.8	.9	5.65	5.9
Self-employed						
1968-----	5.9	5.8	0.5	0.6	6.4	6.4
1969-70-----	6.6	6.3	.5	.6	7.1	6.9
1971-72-----	6.6	6.9	.5	.6	7.1	7.5
1973-75-----	7.0	7.0	.55	.65	7.55	7.65
1976-79-----	7.0	7.0	.6	.7	7.6	7.7
1980-86-----	7.0	7.0	.7	.8	7.7	7.8
1987 and after-----	7.0	7.0	.8	.9	7.8	7.9

NOTE.—The maximum taxable earnings base under prior law, \$6,600, is increased to \$7,800 effective Jan. 1, 1968.

TABLE 7.—Tax rates for old-age, survivors, and disability insurance under Public Law 90-248, subdivided by trust fund

[In percent]

Calendar years	Combined employer-employee rate			Self-employed rate		
	OASI	DI	Total	OASI	DI	Total
1967-----	7.10	0.70	7.8	5.3750	0.5250	5.9
1968-----	6.65	.95	7.6	5.0875	.7125	5.8
1969-70-----	7.45	.95	8.4	5.5875	.7125	6.3
1971-72-----	8.25	.95	9.2	6.1875	.7125	6.9
1973 and after-----	9.05	.95	10.0	6.2875	.7125	7.0

TABLE 8.—Changes in actuarial balance of old-age, survivors, and disability insurance system expressed in terms of estimated level cost as percent of taxable payroll by type of change, intermediate-cost estimate, previous law and Public Law 90-248, based on 3.75 percent interest

[In percent]			
Item	Old-age and survivors insurance	Disability insurance	Total system
Actuarial balance of previous law-----	+0.89	-0.15	+0.74
Increase in earnings base-----			
Earnings test liberalization-----	+ .25	+ .02	+ .27
Disabled widow's benefits at age 50-----	- .06	(1)	- .06
Special disability insured status under age 31-----	- .03	(2)	- .03
Liberalized benefits with respect to women workers-----	(2)	- .02	- .02
Benefit formula change-----	- .07	(1)	- .07
Revised contribution schedule-----	- .95	- .10	- 1.05
	- .02	+ .25	+ .23
Total effect of changes in 1967 amendments-----	- .88	+ .15	- .73
Actuarial balance under 1967 amendments-----	+ .01	.00	+ .01

¹ Less than 0.005 percent.

² Not applicable to this program.

TABLE 9.—Estimated additional OASDI benefit payments in calendar years 1968, 1969, and 1972 under Public Law 90-248

[In millions]			
Item	1968	1969	1972
General benefit increase-----			
Benefit increase for transitional insured	\$2,529	\$3,190	\$3,604
Benefit increase for transitional non-insured-----	6	7	5
Liberalized benefits with respect to women workers-----	43	43	25
Special disability insured status under age 31-----	73	90	101
Disabled widow's benefits at age 50-----	60	72	77
Earnings test liberalization-----	140	63	73
		221	244
Total-----	2,901	3,686	4,129

TABLE 10.—*Level-cost analysis for hospital insurance trust fund, intermediate-cost estimate*

Bill	Level cost of benefits ¹	Level equivalent of contributions	Actuarial balance
Previous law, original estimate.....	1.23	1.23	0
Previous law, revised estimate.....	1.54	1.23	-.31
1967 amendments.....	² 1.38	1.41	+ .03

¹ Including administrative expenses.² Decrease due to earning base increase.TABLE 11.—*Changes in actuarial balance of hospital insurance system, expressed in terms of level cost as percent of taxable payroll, by type of change, intermediate-cost estimate, prior law and 1967 amendments, based on 3.75-percent interest*

Item	[In percent]	Level cost
Actuarial balance of present system.....		-0.31
Increase in taxable earnings base.....		+ .15
Revised contribution schedule.....		+ .18
Transfer of outpatient diagnostic benefits to SMI.....		+ .01
Further hospital benefits beyond 90 days.....		(1)
Total effect of changes in 1967 amendments.....		+ .34
Actuarial balance under 1967 amendments.....		+ .03

¹ Less than 0.005 percent.TABLE 12.—*Actual experience, supplementary medical insurance program*

Item	Calendar year	
	1966 ¹	1967
Premiums from participants.....		\$636
Government contributions.....	\$322	² 937
Benefit payments.....	218	1,217
Administrative expenses.....	³ 74	118
Interest on fund.....	2	22
Balance in fund at end of year.....	122	382

¹ Program operative (insofar as premium collection and benefit payments) through June 1967, and thereafter on assumption that premiums paid by only after June 1966.

participants are matched.

³ Includes matching payments for 1966. Based on actual data for period up to June 1966.² Includes small amount of administrative expenses incurred in 1965.

TABLE 13.—*Comparison of annual increase in hospital costs and in earnings*

[In percent]

Year	Increase over previous year	
	Average wages in covered employment ¹	Average daily hospitalization costs ²
1955	3.8	6.3
1956	5.7	4.5
1957	5.5	7.7
1958	3.3	8.6
1959	3.3	6.8
1960	4.3	6.8
1961	3.1	8.5
1962	4.2	5.3
1963	2.4	5.6
Average for 1954-63 ³	4.0	6.7
1964	3.1	6.9
1965	1.6	7.0
1966	4.4	8.3

¹ Data are for calendar years (based on experience in 1st quarter of year).

was determined to be 11.0 percent.

² Data are for fiscal years ending in September of year shown. When the data are adjusted on a calendar-year basis, the increase from 1965 to 1966 increase from 1954 to 1963.³ Rate of increase compounded annually that is equivalent to total relativeTABLE 14.—*Assumptions as to future rates of increase in hospital costs*

[In percent]

Calendar year	Low cost	Intermediate cost	High cost
1967	12.0	15.0	15.0
1968	10.0	15.0	15.0
1969	8.0	10.0	15.0
1970	6.0	6.0	15.0
1971	5.2	5.2	15.0
1972	4.6	4.6	10.0
1973	4.1	4.1	4.1
1974	3.6	3.6	3.6
1975 and after	3.0	3.0	3.0

PUBLIC ASSISTANCE AMENDMENTS
I. AID TO THE AGED, BLIND, AND PERMANENTLY AND TOTALLY DISABLED
 (Titles I, X, XIV, and XVI of the Social Security Act)

Item	Prior law	Public Law 90-248
<p>A. State plan requirements-----</p>	<p>Provides several requirements common to all 3 separate categorical programs in titles I, X and XIV and combined adult program in title XVI; plan must (1) be in effect throughout the State; (2) provide for financial participation by the State; (3) provide for a single State agency to administer or supervise the plan; (4) provide an opportunity for fair hearing; (5) provide methods of administration (including a merit system) as found necessary by the Secretary of Health, Education, and Welfare for proper and efficient administration; (6) provide for submitting reports to the Secretary; (7) provide safeguards which restrict the disclosure of information about recipients; (8) provide a description of the services made available to recipients to help them attain self-care; (9) provide that all people wishing to apply for assistance can do so and that assistance will be furnished with reasonable promptness; and (10) provide for the designation of a State [agency] authority or authorities responsible for standards in private or public institutions in which recipients reside. In addition, State plan must meet following additional requirements for each program as indicated:</p> <p>(a) <i>Old-age assistance and aid to the disabled.</i>—Plan must (1) provide that the State take into account all income (including expenses incurred to earn the income) and resources except that at the option of State \$5 per month may be disregarded and, in the case of earnings, \$20 plus $\frac{1}{2}$ of the next \$60 per month may be disregarded (for aid to the disabled State may disregard additional amounts for up to 36 months while getting vocational rehabilitation) (2) with respect to old-age assistance and the combined adult program in title XVI only: provide for reasonable eligibility standards and extent of aid; and (3) provide, if assistance is provided to individuals who are patients in institutions for mental diseases:</p> <p>(a) for having in effect arrangements with the State mental health authority or authorities, and, where appropriate, with such institutions, including arrangements for joint planning, development of</p>	<p>Adds a new plan requirement to all 3 programs to provide for the training and use of paid subprofessional staff as community aides in the administration of the plans, and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to recipients and assisting advisory committees.</p> <p>Changes \$5 to \$7.50.</p>

alternate methods of care, assurance of immediate readmittance to institutions where needed for individuals under alternate plans of care, allowing access to patients and facilities, furnishing information, and making reports, as may be necessary to enable the State agency to carry out its responsibilities under the State plan;

(b) for an individual plan for each patient to assure that the institutional care provided to him is in his best interests, including, to that end, assurances that there will be initial and periodic review of his medical and other needs, that he will be given appropriate medical treatment within the institution, and that there will be periodic determination of his need for continued treatment in the institution;

(c) for the development of alternate plans of care, making maximum utilization of available resources, for recipients who would otherwise need care in such institutions, including appropriate medical treatment and other assistance, for rehabilitation services which are appropriate, and for methods of administration necessary to assure that these provisions will be effectively carried out; and

(d) methods of determining the reasonable cost of institutional care for such patients.

And, if the State elects to provide vendor or cash payments to patients in public institutions for mental diseases, it must be shown that the State is making satisfactory progress toward developing a comprehensive mental health program, including provision for utilization of community mental health centers, nursing homes, and other alternatives to institutional care.

(b) *Aid to the blind.*—Plan must (1) provide that the State take into account all income and resources except State must disregard the first \$85 per month of earned income and, for up to a 12-month period, any other income and resources needed to accomplish an approved plan for self-support, with option to State to extend up to additional 24 months. State can also disregard \$5 of any type of income.

Individuals must be at least age 65 to be eligible for old-age assistance; definitions of "blind" and "disabled" are left to the States. In the case of aid to the blind and the disabled, cannot include individuals in a mental or tuberculosis institution. Moreover, no individual can be included who is an inmate in a public institution of a nonmedical nature.

Changes \$5 to \$7.50.

No change.

PUBLIC ASSISTANCE AMENDMENTS—Continued
I. AID TO THE AGED, BLIND, AND PERMANENTLY AND TOTALLY DISABLED—Continued
 (Titles I, X, XIV, and XVI of the Social Security Act)

Item	Prior law	Public Law 90-248																																																												
B. Payments to the States—Old-age assistance, aid to the blind, and aid to the disabled: 1. Formula-----	<p>Federal matching share is \$31 of the 1st \$37 (³/₇ of the 1st \$37) with variable matching on the amount above \$37 up to a maximum of \$75 per recipient per month.</p> <p>Matching for States whose per capita income is at or above the national average is 50 percent, while for States below the national average it varies up to 65 percent.</p> <p>The "Federal percentages" as promulgated for the period July 1, 1967, through June 30, 1969, are as follows:</p>	No change.																																																												
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North Dakota-----	65.00
Ohio-----	50.00
Oklahoma-----	65.00
Oregon-----	50.00
Pennsylvania-----	50.04
Rhode Island-----	50.00
South Carolina-----	65.00
South Dakota-----	65.00
Tennessee-----	65.00
Texas-----	63.45
Utah-----	61.38
Vermont-----	65.00
Virginia-----	62.05
Washington-----	50.00
West Virginia-----	65.00
Wisconsin-----	51.87
Wyoming-----	54.67

3. Partial payments to States-----

Provides that if a State fails to comply with its State plan under titles I, IV, X and XIV of the Social Security Act, the penalty, after hearing, is suspension of Federal funds for entire title.

4. Home repairs-----

No provision.

C. Medical vendor payments-----

For old-age assistance and for the combined aged, blind, and disabled program there is additional Federal matching as to medical vendor payments (i.e., payments directly to the providers of medical services) with respect to State expenditures for medical or remedial care, the larger of the following alternatives:

"Federal medical percentage" of vendor payment expenditures that are above \$75 per month, up to \$15 per recipient per month, or
15 percent of vendor payment expenditures, up to \$15 per recipient per month. Vendor medical provisions expire with Dec. 31, 1969, for all public assistance titles except title XIX—Medicaid.

The "Federal medical percentage" is dependent on the relationship between State per capita income and the national per capita income. The percentage ranges from 50 percent for States at or above the national average to 80 percent for States with the lowest income.

Provides that Federal funds may be withheld for only that part of the plan which is not being complied with.

Provides that States may, under all federally financed assistance programs (except medical assistance under title XIX), make payments for home repair or capital improvements for an owned home up to a total of \$500 with 50 percent Federal matching when to do so would be more economical than paying rent in other quarters.

No change.

PUBLIC ASSISTANCE AMENDMENTS—Continued

I. AID TO THE AGED, BLIND, AND PERMANENTLY AND TOTALLY DISABLED—Continued
(Titles I, X, XIV, and XVI of the Social Security Act)

Item	Prior law	Public Law 90-248																										
C. Medical vendor payments—Continued	<p>For States with average monthly payments over \$75, the Federal Government participates at the rate of the "Federal medical percentage" in the expenditures over \$75 except that such participation is limited to the amount of the average vendor medical payment up to \$15 per recipient per month.</p> <p>For States with average monthly payments of \$75 per month or less, the Federal share in average vendor medical payments up to \$15 per recipient per month is an additional 15 percent over and above the "Federal percentage" used to compute the Federal share of money payments.</p> <p>Provision is also made that a State with an average payment over \$75 per month can never receive less in additional Federal funds in respect to such medical service costs than if it had an average payment of \$75 per month.</p> <p>Permits Federal matching of State expenditures under all four public assistance programs for medical or remedial care furnished within 3 months before the month in which a person applies for assistance.</p> <p>For those States which adopt the optional combined aged, blind, and disabled program the additional \$15 matching for medical vendor payments is applicable to the blind and disabled recipient under the combined program.</p> <p>The "Federal medical percentage" as promulgated for the period July 1, 1967, through June 30, 1969, for each of the States is as follows:</p> <table><tr><th>State</th><th>Percent</th></tr><tr><td>Alabama</td><td>76.23</td></tr><tr><td>Alaska</td><td>50.00</td></tr><tr><td>Arizona</td><td>61.10</td></tr><tr><td>Arkansas</td><td>77.56</td></tr><tr><td>California</td><td>50.00</td></tr><tr><td>Colorado</td><td>50.35</td></tr><tr><td>Connecticut</td><td>50.00</td></tr><tr><td>Delaware</td><td>50.00</td></tr><tr><td>District of Columbia</td><td>50.00</td></tr><tr><td>Florida</td><td>61.21</td></tr><tr><td>Georgia</td><td>69.84</td></tr><tr><td>Hawaii</td><td>50.00</td></tr></table>	State	Percent	Alabama	76.23	Alaska	50.00	Arizona	61.10	Arkansas	77.56	California	50.00	Colorado	50.35	Connecticut	50.00	Delaware	50.00	District of Columbia	50.00	Florida	61.21	Georgia	69.84	Hawaii	50.00	
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Maine-----	66.58
Maryland-----	50.00
Massachusetts-----	50.00
Michigan-----	50.00
Minnesota-----	53.78
Mississippi-----	80.00
Missouri-----	53.78
Montana-----	60.01
Nebraska-----	56.09
Nevada-----	50.00
New Hampshire-----	55.69
New Jersey-----	50.00
New Mexico-----	66.83
New York-----	50.00
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Ohio-----	50.00
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South Dakota-----	70.28
Tennessee-----	73.49
Texas-----	63.45
Utah-----	61.38
Vermont-----	65.56
Virginia-----	62.05
Washington-----	50.00
West Virginia-----	73.15
Wisconsin-----	51.87
Wyoming-----	54.67

No change.

D. Special formula for Puerto Rico, Virgin Islands, and Guam:

1. Matching formula-----

Federal matching on a 50-50 basis on both money and vendor medical payments up to a maximum of \$37.50 a month times the number of recipients on the old-age, blind, and disabled program with a maximum of \$18 a month times the number of recipients on the aid to dependent children program.

Additional matching for vendor medical expenditures is available for up to \$7.50 per month per recipient on old-age assistance and combined adult program rather than the additional \$15 per month per recipient which applies to the States and the District of Columbia.

PUBLIC ASSISTANCE AMENDMENTS—Continued

I. AID TO THE AGED, BLIND, AND PERMANENTLY AND TOTALLY DISABLED—Continued

(Titles I, X, XIV, and XVI of the Social Security Act)

Item	Prior law	Public Law 90-248																								
D. Special formula for Puerto Rico, Virgin Islands, and Guam—Continued 2. Dollar limitation-----	Total Federal payments for all 4 public assistance programs may not exceed— Puerto Rico----- \$9, 800, 000 Virgin Islands----- 330, 000 Guam----- 450, 000	Establishes new dollar limits as follows: <table><thead><tr><th>Fiscal year</th><th>Puerto Rico</th><th>Virgin Islands</th><th>Guam</th></tr></thead><tbody><tr><td>1968-----</td><td>\$12, 500, 000</td><td>\$425, 000</td><td>\$575, 000</td></tr><tr><td>1969-----</td><td>15, 000, 000</td><td>500, 000</td><td>690, 000</td></tr><tr><td>1970-----</td><td>18, 000, 000</td><td>600, 000</td><td>825, 000</td></tr><tr><td>1971-----</td><td>21, 000, 000</td><td>700, 000</td><td>960, 000</td></tr><tr><td>1972 and thereafter-----</td><td>24, 000, 000</td><td>800, 000</td><td>1, 100, 000</td></tr></tbody></table>	Fiscal year	Puerto Rico	Virgin Islands	Guam	1968-----	\$12, 500, 000	\$425, 000	\$575, 000	1969-----	15, 000, 000	500, 000	690, 000	1970-----	18, 000, 000	600, 000	825, 000	1971-----	21, 000, 000	700, 000	960, 000	1972 and thereafter-----	24, 000, 000	800, 000	1, 100, 000
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1972 and thereafter-----	24, 000, 000	800, 000	1, 100, 000																							
E. Protective payments-----	Authorizes protective payments to be made to a person who is interested in or concerned with the welfare of the needy person under a State plan which provides for— (1) Determination by the State agency that payments in this form are necessary because the needy person has, by reason of his physical or mental condition, such inability to manage funds that making cash payments to him would be contrary to his welfare; (2) Special efforts to protect the welfare and improve the ability of the needy individual to manage funds; (3) Periodic review of the situation to determine whether such payments to an interested person are still necessary—and seeking judicial appointment of a guardian or legal representative if and when such action will serve the interests of such needy individual.	In addition to these amounts, the Secretary is authorized to certify additional payments to be used for services related to the work incentive program under pt. C of title IV, aid to families with dependent children, and for family planning services in the following amounts: Puerto Rico----- \$2, 000, 000 Virgin Islands----- 65, 000 Guam----- 90, 000 Federal matching percentage would be 60 percent rather than 75 percent as for the States. No change.																								

<p>F. Federal matching for administrative expenses.</p>	<p>(4) Opportunity for a fair hearing before the State agency on the determination that payments to an interested person are necessary; and</p> <p>(5) Payments which together with other income meet the individual's need in full.</p> <p>The Federal Government pays 75 percent of the cost of—</p> <p>(1) certain services, to be prescribed by the Secretary of Health, Education, and Welfare: In the case of aged applicants and recipients, "to help them attain or retain capability for self-care"; in the case of applicants and recipients on the blind and disabled program, "to help them attain or retain capability for self-support or self-care";</p> <p>(2) other services provided to applicants or recipients specified by the Secretary as likely to prevent or reduce dependency;</p> <p>(3) services described in (1) and (2) specified by the Secretary as appropriate for individuals who, within the periods prescribed by the Secretary, have been or are likely to become applicants for or recipients of public assistance and who request such services; and</p> <p>(4) training of personnel employed or preparing for employment with a State or local public assistance agency.</p> <p>Federal Government pays 50 percent of all other administrative costs.</p>	<p>No change.</p>
<p>A. Social and other services:</p> <p>1. Plan requirement.....</p>	<p>II. AID TO FAMILIES WITH DEPENDENT CHILDREN</p> <p>In addition to State plan requirements which are common to all public assistance programs (see p. 52), States are required to—</p> <p>(a) provide a description of services which the State agency makes available to maintain and strengthen family life for children, including a description of the steps taken to assure maximum utilization of other agencies providing similar or related services, and</p> <p>(b) provide for a program of services for each child as may be necessary in the light of home conditions and other needs of such child, and provide for coordination with child-welfare services under pt. 3 of title V.</p>	<p>(a) No change.</p> <p>(b) Provide for the development and application of a program for family services (as defined below) and child welfare services (as defined on p. 109) for each child, relative, and appropriate "household member" (an individual living in the same house whose needs are taken into account in determining eligibility for and the amount of aid) as may be necessary in the light of the home conditions in order to assist the members of the family to attain or retain capacity for self-support and care and in order to maintain and strengthen family life.</p>

PUBLIC ASSISTANCE AMENDMENTS—Continued
II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued

Item	Prior law	Public Law 90-248
A. Social and other services—Continued		
	No provision.	<p>(c) Provide for the development of a program for each child, relative, and essential person with the objective of (1) assuring that each such individual will enter the labor force and accept employment when appropriate; (2) preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life; and for the implementation of such programs by assuring that child care arrangements are made for each individual who is referred to the work incentive program and that family planning services are offered in all appropriate cases. Family planning services are completely voluntary. Each program developed must be reviewed at least annually and the Secretary of HEW must be furnished reports on such programs;</p> <p>(d) Provide that where the State agency has reason to believe that the home is unsuitable for a recipient child because of neglect, abuse, or exploitation, that this be brought to the attention of the appropriate court or law enforcement agency;</p> <p>(e) Development of a program for establishing the paternity of illegitimate children receiving assistance and for securing support for these children as well as those who have been deserted or abandoned by their parents, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. A single organizational unit in the State or local agency administering the plan must carry out this provision.</p> <p>(f) Provide for entering into cooperative arrangements with appropriate courts and law enforcement agencies to assist in securing support for children, including entering into financial arrangements with such courts and agencies in order to obtain optimum results for the program.</p> <p>"Family services" for purposes of paragraph (a) means services to a family for the purpose of preserving, rehabilitating, reuniting, or strengthening the family and of assisting members of the family to attain or retain capability for maximum self-support and personal independence.</p>
	No provision.	
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	No provision.	

The Federal Government shares with the States on a dollar-for-dollar basis (50 percent) in the administrative costs of carrying out the program. However, the Federal Government will pay 75 percent of the cost of—

Retains the 50 percent processing. However, the Federal Government will pay 75 percent of the cost of—

- (a) Services under the new plan requirements set forth above at A1(a) and A1(b) which are provided to a child or relative receiving assistance or to a "household member."
- (b) No change.
- (c) Any of the services in (a) or (b) above under the plan requirements to children, relatives, or "essential persons" who are applicants for assistance or who, within such period as the Secretary may prescribe, have been or are likely to become applicants for or recipients of assistance.

(d) No change.
The Federal 75-percent matching for services within (a), (b), and (c) is contingent on the establishment of a single organizational unit in the State or local agency responsible for furnishing services.

The Federal matching under this provision shall be 85 percent rather than 75 percent for services provided under these programs during the period July 1, 1968, to July 1, 1969, pursuant to pars. (a) and (b) under the plan requirements.

Provides an exception to the requirement of obtaining services from public agencies for child-welfare services, family planning services, and family services, to the extent specified by the Secretary, so that they may be provided from other sources.

The Secretary of Health, Education, and Welfare, on the basis of a review of the reports from the States, shall report his findings on the effectiveness of programs of services developed by the States under A1(b). The Secretary shall annually report to the Congress (beginning July 1, 1970) on the programs developed by each State.

The State plan requirements are effective July 1, 1968. The Federal matching for services implementing the new State plan requirement will be available on or after the modification of the State plan.

(a) certain services prescribed by the Secretary of Health, Education, and Welfare "to maintain and strengthen family life for children, and to help relatives specified in the act with whom children * * * are living to attain to retain capability for self-support or self-care."

(b) other services provided to applicants or recipients specified by the Secretary as likely to prevent or reduce dependency;

(c) services described in (a) and (b) specified by the Secretary as appropriate for individuals who, within the periods prescribed by the Secretary, have been or are likely to become applicants for or recipients of public assistance and who request such services; and

(d) training of personnel employed or preparing for employment with a State or local public assistance agency.

Services are to be provided by the staff of the State welfare agency but, in the provision of these services, there must be maximum utilization of other agencies, providing similar or related services. Services may also be furnished, pursuant to agreement with the State welfare agency, by a State health or vocational rehabilitation agency or by other State agencies which the Secretary deems appropriate (whether provided by its staff or by contract with nonprofit private or local public agencies). The provision of services by other agencies are subject to limitations by the Secretary and must be services which in the judgment of the State welfare agency, cannot be as economically or effectively provided by its staff and are not otherwise reasonably available to individuals in need of such services.

No provision.

3. Providers of welfare services-----

4. Report to Congress-----

5. Effective date.-----

PUBLIC ASSISTANCE AMENDMENTS—Continued
II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued

Item	Prior law	Public Law 90-248
<p>B. Income exemptions-----</p>	<p>The State agency in determining need, upon which eligibility for and the amount of assistance is based, must take into account any other income (including expenses reasonably attributable to the earning of income) and resources of any child or relative claiming assistance.</p> <p>The States, at their option, may disregard not more than \$50 per month of earned income of each dependent child under age 18 but not more than \$150 per month in the same home. The States also have the option of disregarding up to \$5 of any income before disregarding child's earned income as noted above. Finally, States have the option of permitting all or part of earned or other income to be set aside for future identifiable needs of a child.</p>	<p>Establishes the following exemption of earnings:</p> <p>All earned income of each child recipient who is a full-time student attending a school, college, or university, or a course of vocational or technical training to fit him for gainful employment, or a student attending school less than full time but not working full time, is exempt.</p> <p>In the case of a child not in school, a relative, or "household member" the first \$30 of earned income of the group in a month plus $\frac{1}{3}$ of the remainder would be exempt. The optional provision for setting aside a portion of income for future identifiable needs is continued, as well as the option of the States to disregard \$5 a month of any type of income. The provision exempting \$50 a month of a child's income is superseded by these provisions.</p> <p>The earnings exemption will not be available in any month for a person who voluntarily terminated his employment or reduced his earned income within such period preceding the month assistance is applied for as may be prescribed by the Secretary (but such period must not be less than 30 days), or to persons who refused without good cause to accept employment in which they were able to engage, offered by or through the public employment office or by a private employer, which is determined to be bona fide by the State or local agency. The earnings exemption will also not be available to persons whose income in the month of application was in excess of their need as determined by the State agency, unless in any of the 4 preceding months they were receiving assistance.</p> <p>Makes specific reference to "household member" so his income and resources can be taken into account in determining the need of the child or relative claiming aid.</p> <p>Effective date: The earnings exemption must be in effect in the States by July 1, 1969, but will be optional with the States from January 1968 on.</p> <p>The new provisions override any other provisions of any other law disregarding earned income.</p>

There are a number of income exemptions applicable to the AFDC program in other legislation. For instance, title VII of the Economic Opportunity Act provides that until June 30, 1969, the first \$85 a month and $\frac{1}{2}$ of the remainder of payments under titles I, II and of grants under title III of that act must be disregarded. Sec. 109 of the Elementary and Secondary School Act

C. Families with unemployed fathers-----

of 1965 provide that, for a period of 1 year, the first \$85 a month earned in any month for services under that act shall be disregarded for purposes of determining need under the AFDC program.

For period ending June 30, 1968, Federal participation is authorized in payments to children who are deprived of parental support or care "by reason of the unemployment of a parent," as defined by a State. Program is optional with the States, and 22 have such programs.

Permanent provisions of law limit Federal matching to needy dependent children under 18 (and specified relative with whom they are living) who have been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent. (Specified relatives include grandmother, grandfather, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, 1st cousin, nephew, or niece.)

No provision.

Limits the program to children who need support or care on the basis of the unemployment of the father. Unemployment will be defined by the Secretary of Health, Education, and Welfare. Program made permanent but still optional with the States.

Adds new plan requirement relating to when aid to dependent children assistance will be paid on the basis of an unemployed father:

The plan must require the payment of aid with respect to a child within such definition when his father has been unemployed for a minimum period of 30 days before receipt of aid, has not without good cause within such period refused a bona fide offer of employment or training, and has at least 6 quarters of work in a 13-calendar-quarter period ending within 1 year before the application for aid or within such 1-year period received unemployment compensation under any State or Federal program or was "qualified for unemployment compensation."

The bill defines a "quarter of work" as a calendar quarter in which the father received at least \$50 of earned income (or which is a "quarter of coverage" for purposes of the old-age, survivors, and disability insurance program under title II of the act), or in which he participated in a community work and training program or the work incentive program.

The father shall be deemed "qualified for unemployment compensation" under the State's unemployment compensation law if he would have been eligible therefor upon application, or if he had been in uncovered work which, had it been covered, would (with his covered work) have made him eligible for such compensation upon application. The bill provides that persons who have fulfilled the requirements at any time after April 1961 (related to the date of enactment of the original unemployed parent legislation) will be considered to be eligible with respect to the quarters of work provision for up to 6 months after a State plan under these provisions becomes operative.

PUBLIC ASSISTANCE AMENDMENTS—Continued

II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued

Item	Prior law	Public Law 90-248 and Public Law 90-364
C. Families with unemployed fathers—Con.	<p>The State plan must:—</p> <p>(1) no provision;</p> <p>(2) give assurance that assistance will not be granted if, and for as long as, the unemployed parent refuses, without good cause, to accept employment in which he is able to engage, and which is offered through either a public employment office or by an employer if the offer is determined by the State agency to be a bona fide offer of such employment;</p> <p>(3) provide for entering into cooperative arrangements with the system of public employment offices in the State looking toward the employment of unemployed parents, including appropriate provision for periodic registration of the unemployed parent and for the maximum utilization of the job placement and other services and facilities of such offices;</p> <p>(4) provide for entering into cooperative arrangements with the State vocational education agency looking toward maximum utilization of its services and facilities to encourage retraining of such unemployed parent; and</p> <p>(5) Any State, at its option, may provide for the denial of all (or any part) of aid under the plan to which any child or relative might be entitled for any month if the unemployed parent receives compensation under an unemployment compensation law of a State or of the United States for any week, any part of which is included in such month.</p>	<p>Fathers who are now on the rolls, and who met the work requirements at any time after April 1961, would continue to be eligible if other requirements are met.</p> <p>The State plan must—</p> <p>(1) provide for assurances that fathers of children within the above definition are referred to the work incentive program within 30 days after receiving aid; and</p> <p>(2) Repealed. However, unemployed fathers, as with appropriate other relatives, must take work or training unless there is good cause for not doing so. (See D. Work incentive program below.)</p> <p>(3) Repealed. However, failure to maintain current registration with public employment office bars assistance.</p> <p>(4) No change.</p> <p>(5) Assistance barred for any month during any part of which unemployment compensation is paid. Public Law 90-364 modifies by not allowing assistance to be paid during any period (of less than a month) when unemployment insurance is paid.</p> <p><i>Effective date:</i> Jan. 1, 1968, but no State with an unemployed parent program on October 1, 1967, shall be required to include any additional recipients by reason of this amendment before July 1, 1969.</p> <p>Establishes a new work incentive program for families receiving AFDC payments to be administered by the Department of Labor which replaces the community work and training program. The State welfare agencies would determine who was appropriate for such referral</p>
D. Work incentive program.—Community work and training.	<p>Federal matching is authorized, for the period July 1, 1961, to June 30, 1968, for assistance payments made for work performed by a relative (18 years of age or older) with whom the child is living. Twelve States make such payments. Federal participation in these</p>	

payments may be made only under limited conditions designed to assure protection of the health and welfare of the children and their relatives;

(1) The work must be performed for the State public assistance agency or another public agency under a program (which need not be in effect throughout the State) administered by or under the supervision of the State public assistance agency.

(2) There must be State financial participation in these expenditures.

(3) The State plan must include provisions which give reasonable assurance that—

(a) appropriate health, safety, and other conditions of work will be maintained;

(b) the rates of pay will be not less than the applicable minimum rate under State law for the same type of work, if there is any such rate, and not less than the prevailing wage rates on similar work in the community;

(c) the work projects will serve a useful public purpose; will not displace regular workers or be a substitute for work that would otherwise be performed by employees of public or private agencies, institutions, or organizations; and (except in the case of emergency or nonrecurring projects) will be of a type not normally undertaken by the State or community in the past;

(d) the additional expenses of going to work will be considered in determining the worker's needs;

(e) the worker will have reasonable opportunities to seek regular employment and to secure appropriate training or retraining and will be provided with protection under the State workmen's compensation law or similar protection; and

(f) aid will not be denied because of a relative's refusal with good cause to perform work under the program.

but would not include (1) children who are under age 16 or going to school; (2) any person with illness, incapacity, advanced age or remoteness from a project that precludes effective participation in work or training; or (3) persons whose substantially continuous presence in the home is required because of the illness or incapacity of another member of the household. For all those referred the welfare agency will assure necessary child care arrangements for the children involved. An individual who desires to participate in work or training would be considered for assignment and, unless specifically disapproved, would be referred to the program.

People referred by the State welfare agency to the Department of Labor would be handled under 3 priorities. Under priority I, the Secretary of Labor, through the U.S. employment offices, would make arrangements for as many as possible to move into regular employment and would establish an employability plan for each other person.

Under priority II all those found suitable would receive training appropriate to their needs and up to \$30 a month as an incentive payment. After training, as many as possible would be referred to regular employment.

Under priority III, the employment office would make arrangements for special work projects to employ those who are found to be unsuitable for the training and those for whom no jobs in the regular economy can be found at the time. These special projects would be set up by agreement between the employment office and public agencies or nonprofit private agencies organized for a public service purpose (including Indian tribes). It would be required that workers receive at least the minimum wage (but not necessarily the prevailing wage) if the work they perform is covered under a minimum wage statute (and in applying the minimum wage law, their welfare grants would be counted). Moreover, the work performed under special projects must not result in the displacement of regularly employed workers and would have to be of a type which, under the circumstances in the local situation, would not otherwise be performed by regular employees.

The special work projects would work like this: The State welfare agency would make payments to the employment office equal to (1) the welfare benefit the family would have been entitled to, or, if smaller, (2) a portion of the welfare benefit equal to 80 percent of the rates which the individual receives on the special project.

The Secretary of Labor would arrange for the participants to work in a special work project. The amount of the funds paid by him into the project would depend on the terms he negotiates with the agency sponsoring the project. The amount of funds put into the projects by the employment office could not be larger than the funds sent to the Secretary of Labor by the State welfare agency.

PUBLIC ASSISTANCE AMENDMENTS—Continued
II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued

Item	Prior law	Public Law 90-248
<p>D. Work incentive program.—Community work and training—Continued</p>	<p>(4) The State plan must also include provision for—</p> <p>(a) cooperative arrangements with the public employment offices and with the State vocational education and adult education agency or agencies looking toward employment and occupational training of the relatives and maximum use of public vocational or adult education services and facilities in their training or retraining;</p> <p>(b) assuring appropriate arrangements for the care and protection of the child during the relative's absence from the home in order to perform the work under the program;</p> <p>(c) such other provisions as the Secretary finds necessary to assure that the operation of the program will not interfere with the objectives of the aid to dependent children program.</p>	<p>The extent to which the State welfare expenditures might be reduced would depend upon the negotiating efforts of the Secretary of Labor. If he is successful in placing workers in work projects where the pay is relatively good, the contribution the State must make into the employment pool would be less and there would be a savings to both Federal and State Governments.</p> <p>Employees who work under these agreements would have their situations reevaluated by the employment office at regular intervals (at least every 6 months) for the purpose of making it possible for as many such employees as possible to move into regular employment.</p> <p>In most instances the recipient would not receive a check from the welfare agency. Instead, he would receive a payment from an employer for services performed. The entire check would be subject to income, social security, and unemployment compensation taxes. In those cases where an employee receives wages which are insufficient to raise his income to a level equal to the grant he would have received had he not been in the project plus 20 percent of his wages, a welfare check equal to the difference would be paid. In these instances the supplemental check would be issued by the welfare agency and sent to the worker. During fiscal year 1969, the Federal government is authorized to meet the employer's share in these special projects on behalf of public agencies and Indian tribes.</p> <p>The State could set up a review panel or panels, composed of no more than 5 members with 1 member representing labor, 1 member representing industry, and the remainder the general public, to give final approval to special projects.</p> <p>A refusal to accept work or undertake training without good cause by a person who has been referred would be reported back to the State agency by the Labor Department; and, unless such person returns to the program within 60 days (during which he would receive counseling), his welfare payment would be terminated. Protective and vendor payments would be continued, however, for the dependent children, beginning with the time of refusal to accept work or training without good cause.</p> <p>The appropriate State agencies or private organi-</p>

(5) A State participating in such a program must also provide (in its State plan) that there will be no adjustment or recovery by the State or any locality on account of any payments which are correctly made for the work.

The cost of administration of a State plan for which Federal funds are paid may not include the cost of making or acquiring materials or equipment in connection with work under a community work and training program or the cost of supervision of that work, and may only include those other costs attributable to the programs which are permitted by the Secretary.

zations would have to meet 20 percent, in cash or in kind, of the total cost of the program (excluding amounts paid on special work projects, priority III, which would come from the employer and the transferred welfare payments). In the event that the 20-percent, non-Federal contribution is not made in any State, the Secretary of HEW may withhold amounts due to the State under the various public assistance programs until the amount so withheld equals the required non-Federal share.

The Secretary of Labor can assist individuals to relocate their residence when required in order to enable them to become permanently employable and self-supporting.

The Secretary of Labor is required to report annually to the Congress on the work incentive program with the 1st report due by July 1, 1970.

The Secretary is authorized to enter into an agreement with any "State" which has a program of aid to families with unemployed parents which is financed by federally appropriated funds but not through the Social Security or Economic Opportunity Acts under which the work incentive program will be available to recipients under the State program. States must agree to follow the same rules regarding the furnishing of necessary services, including child care, and those regarding the effects of a refusal to accept work or training without good cause. (The only "State" which qualified at the time of enactment was the District of Columbia.)

Effective date: Referral of appropriate AFDC recipients to the Department of Labor is mandatory by the States beginning July 1, 1968, unless State law needs to be changed in which case the mandatory date is July 1, 1969. At the option of the States it can be effective on Apr. 1, 1968.

(1) No change.

(2) Makes permanent the inclusion of child care institutions.

Allows Federal payments with respect to any child otherwise not eligible who—

(1) is removed, after Apr. 30, 1961, from home of specified relative as a result of a judicial determination that continuation therein would be contrary to his welfare;

(2) is placed in a foster family home (approved by the State as a result of such determination); or (for the period through June 30, 1968) in a nonprofit private child-care institution, subject to limitations prescribed by the Secretary to include within Federal participation only cost items which are included in foster family home care. Provision is made for payments by the State or local agency for foster care in a

E. Program of Federal payments for foster care of dependent children:

1. Eligibility-----

PUBLIC ASSISTANCE AMENDMENTS—Continued
II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued

Item	Prior law	Public Law 90-248
<p>E. Program of Federal payments for foster care of dependent children—Con.</p>	<p>foster family home or a child-care institution either directly or through a public or nonprofit private child-placement or child-care agency.</p> <p>(3) was receiving aid to dependent children in the month when court proceedings were started, and for whose placement and care the State agency administering the program is responsible.</p> <p>For the period through June 30, 1968, responsibility for the placement and care of dependent children placed in foster care homes may rest either with the State or local agency administering the program under title IV or with any other public agency with whom the administering agency has an agreement. Such agreement must include provision for assuring development of a plan for each child which is satisfactory to the State public assistance agency and such other provisions as may be necessary to assure that the objectives of the State plan approved under title IV are met.</p>	<p>(3) Modifies provisions to cover children: (a) who were not receiving payments in the month court proceedings started but would have received such aid if they had applied for it, or (b) who had been living with one of the relatives specified in the law within 6 months of the start of the court proceedings and if in the month they were removed from home of the relative they would have been eligible for assistance if they had applied for it.</p> <p>Makes provision permanent.</p>
<p>2. Federal matching for foster care.</p> <p>F. Emergency assistance for certain needs:</p> <p>1. Definition of assistance-----</p>	<p>The Federal share is $\frac{1}{2}$ of the 1st \$18 per recipient per month with variable grant matching on the amount up to \$32 per recipient per month. Variable grant matching above first \$18 has a Federal share which varies from 50 to 65 percent depending on per capita income of State.</p> <p>No provision.</p>	<p>Provides Federal matching maximum of \$100 a month for children in foster care. Effective after December 1967.</p> <p>Emergency assistance to needy families with children is defined to mean, (1) money payments, payments in kind, or such other payments as the State agency may specify, or medical or remedial care recognized under State law on behalf of an eligible child or any other member of the household in which such child is living, and (2) such services as the Secretary may specify. Emergency assistance may be provided only where such child and his family are without available resources and the payments, care, or services involved are necessary to avoid destitution of the child or to provide suitable living arrangements in a home for such a child. This provision would not be available to a family where necessity arose because the parent or caretaker refused without good cause to accept employment or training.</p>

2. Duration of assistance.-----

No provision.

In addition, emergency assistance may be provided to migrant workers with families in the State or parts thereof as designated by the State.

Emergency assistance may be given for a period not in excess of 30 days in any 12-month period in the case of a needy child under age 21 who is (or, within a period specified by the Secretary, has been) living with any of the relatives specified in the act in a place of residence maintained by such a relative as his home.

3. Federal matching-----

No provision.

The Federal share will be 50 percent of the total expenditures under such plan for such assistance in the form of payments or medical care and 75 percent of the total expenditures for such assistance in the form of welfare services. Effective: Upon enactment.

G. Protective and vendor payments and other State action to protect interests of AFDC children.

Authorizes protective payments to be made, in a limited number of recipients (limited in number to 5 percent of other recipients), to a person who is interested in or concerned with the welfare of the dependent child and relative, under a State plan which provides for—

(1) determination by the State agency that payments in this form are necessary because the relative is so unable to manage funds that it would be contrary to the child's welfare to make payments to such relative;

(2) meeting all the need of individuals (in conjunction with other income and resources), with respect to whom they are made, under rules otherwise applicable under the State plan for determining need and the amount of assistance to be paid;

(3) special efforts to improve the ability of the relative to manage funds, and periodic review of the situation to determine whether such payments are still necessary—and with provision for judicial appointment of a guardian or legal representative if the need for payments to another interested person continues beyond a period specified by the Secretary;

(4) opportunity for a fair hearing before the State agency on the determination that payments to another interested person on behalf of the child and relative are necessary; and

(5) aid in the form of foster family care, as provided for in the Social Security Act.

Effective until June 30, 1968.

Authorizes the State agency to take the following steps, without losing Federal matching funds, whenever it has reason to believe that payments to a relative for the benefit of a child are not being or may not be used in the best interests of the child—

(2) Deletes requirement of meeting full need.

(3) No change.

(4) No change.

(5) No change.

Provision made permanent.

No change.

(1) In the case of an individual who refuses work or training, vendor or protective payments must be provided without regard to any of these requirements.

Limitation on number of recipients who can be aided under this method of payment is changed to 10 percent, excluding those cases where such payments are made because a relative refused work or training without good cause. Adds authority for vendor payments under same conditions for protective payments as outlined below. (Vendor payments are made on behalf of family or child directly to a person furnishing food, living accommodations, or other goods, services, or items to or for such family.)

PUBLIC ASSISTANCE AMENDMENTS—Continued

II. AID TO FAMILIES WITH DEPENDENT CHILDREN—Continued

Item	Prior law	Public Law 90-248 and Public Law 90-364
G. Protective and vendor payments and other State action to protect interests of AFDC children—Continued	<p>(1) To provide the relative with counseling and guidance concerning the use of payments and management of other funds to assure their use in the best interests of the child; or</p> <p>(2) To advise the relative that continued misuse of payments will result in substitution of protective payments (described above), or in seeking appointment of a guardian or legal representative. Moreover, the imposition of criminal or civil penalties, under State law, upon determination by a court of competent jurisdiction that the relative is not using, or has not used, payments for the benefit of the child shall not be the basis for withholding of Federal matching funds.</p>	
H. Limitation on number of children with respect to which the Federal Government will make matching payments.	<p>For money and medical vendor payments the Federal share is \$15 out of the 1st 18% of the 1st \$18 per recipient per month with variable matching on amounts above \$18 up to a maximum of \$32 per recipient per month.</p> <p>There is no specific limit of Federal participation in expenditures other than the \$32 a month average maximum. Variable matching is at the same percentage as the other cash assistance programs. (See p 54.)</p>	<p>Provides that, for purposes of Federal matching, the number of dependent children, deprived of parental support or care by reason of a parent's continued absence from the home, for any calendar quarter beginning after June 30, 1968 (postponed to June 30, 1969, by Public Law 90-364), shall not exceed the number bearing the same ratio to the total population of such State under age 18 on Jan. 1 of the year in which such quarter falls as the number of such dependent children with respect to whom such payments were made to such State for the calendar quarter beginning Jan. 1, 1968, bore to the total population of such State under age 18 on that date. No limit is imposed on Federal matching for children qualifying for AFDC based upon the death, incapacity, or unemployment of the parent.</p>
I. Disclosure of information—deserting parents.	<p>Under regulation, disclosure of parent's or his employer's address from social security records is authorized to the agency administering the AFDC program if the child is getting AFDC. The law requires disclosure at the request of a State or local agency participating in any State or local public assistance program, of the most recent address in the social security records for a parent (or his most recent employer or both) who has failed to provide support for his or her destitute child or children under age 16 who are recipients of or applicants for assistance where there is a court order for the support of the children and the information requested is to be used by the welfare agency or the court on behalf of the children.</p>	<p>Adds provision for disclosure of address of deserting parent or his employer from social security records, on request of an appropriate court, if the information is for the use of the court in issuing a support order against the parent. (The child need not have applied for AFDC.) Also, the Internal Revenue Service will make available any information about the location of an absent parent in its records if the social security records do not have the information.</p>

III. MISCELLANEOUS PROVISIONS

<p>A. Private grantees under demonstration projects.</p>	<p>Provides that grants and contracts for demonstration projects under sec. 1110 of the Social Security Act can be made only with respect to public and non-profit agencies.</p>	<p>Would allow contracts with private profit agencies.</p>
<p>B. Social work manpower.</p>	<p>No provision specifically to train social workers.</p>	<p>Authorizes \$5,000,000 for fiscal year 1969 and the 3 following years to meet the cost of expanding educational programs in social work. At least 1/2 of the funds appropriated each year must be used to support undergraduate training.</p>
<p>C. Assistance for repatriated citizens.</p>	<p>Authorizes until June 30, 1968, a Federal program of "temporary assistance" to certain U.S. citizens who have returned from foreign countries and are without available resources.</p> <p>U.S. citizens and their dependents would be eligible if—</p> <ol style="list-style-type: none"> (1) Such individuals are identified by the Department of State as having returned, or been brought, from a foreign country to the United States; (2) The cause of such return is any of the following: <ol style="list-style-type: none"> (a) The destitution of the U.S. citizen; (b) The illness of the U.S. citizen; (c) The illness of any of his dependents; or (d) War, threat of war, invasion, or similar crisis; and (3) Such individuals are without available resources. <p>"Temporary assistance" includes the following:</p> <ol style="list-style-type: none"> (1) Money payments; (2) Medical care; (3) Temporary billeting; (4) Transportation; and (5) Other goods and services necessary for the health or welfare of individuals (including guidance, counseling, and other welfare services). <p>All assistance must be rendered within the United States, and must be furnished to individuals after their return from foreign countries. The Secretary of Health, Education, and Welfare is authorized to provide such assistance either directly, or through public or private agencies according to agreements entered into by the Secretary and the agencies.</p> <p>Provision must be made for the reimbursement of the United States by recipients of assistance. However, the Secretary is authorized to exempt certain classes of individuals from this requirement.</p> <p>The Secretary of Health, Education, and Welfare is authorized to make plans for the carrying out of the program, but he is required to make such plans after consultation with the Secretaries of State and Defense, and the Attorney General.</p>	<p>Extends program to June 30, 1969.</p>

MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)

Item	Prior law	Public Law 90-248
I. Purpose and appropriation-----	<p>The purposes of title XIX are to enable each State to furnish medical assistance on behalf of aged, blind, or permanently and totally disabled individuals and families with dependent children, whose income and resources are insufficient to meet the costs of necessary medical services, and rehabilitation and other services to help such individuals and families attain or retain capability for independence or self-care. Appropriations for each year in amounts necessary to carry out the purposes of the program are authorized.</p>	No change.
II. State plan requirements-----	<p>A State plan must meet certain requirements in order to be approved and thus eligible for Federal assistance. The State plan must—</p>	
A. Where effective-----	<p>(1) provide that it will be in effect in all political subdivisions of the State and, if the plan is administered by the subdivisions, that it be mandatory upon them;</p>	(1) No change.
B. Financial participation-----	<p>(2) provide for financial participation by the State equal to not less than 40 percent of the non-Federal share of the expenditures under the plan with respect to which Federal financial participation under sec. 1903 is authorized and, effective July 1, 1970, provide for State financial participation equal to all of such non-Federal share or provide for distributing funds on an equalization or other basis which will assure that lack of funds on a local level will not adversely affect the program;</p>	(2) Changes effective date to July 1, 1969.
C. Fair hearing-----	<p>(3) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for medical assistance under the plan is denied or not acted upon with reasonable promptness;</p>	(3) No change.
D. Methods of administration--	<p>(4) provide methods of administration of the plan as found necessary by the Secretary for its proper and efficient operation; these would include (A) methods relating to the establishment and maintenance of personnel standards on a merit basis, with the Secretary being precluded from exercising any authority in connection with the selection, tenure, or compensation of any individual employed in accordance with these methods, and (B) provision for utilization of professional medical personnel in the administration of the plan, and in supervision of such administration where the plan is administered locally;</p>	(4) No change.

E. Single State agency-----

(5) provide that there be a single State agency to administer, or to supervise the administration of, the plan, except that eligibility for medical assistance under the plan shall be determined by the State or local agency administering the approved plan of the State for old-age assistance or for aid to the aged, blind, or disabled;

(5) No change. (See p. 82 for change in Federal matching affecting employers of more than 1 State agency.)

F. Required reports-----

(6) provide that the State agency will make reports as required by the Secretary, and will comply with provisions found necessary by the Secretary to assure their correctness and verification;

(6) No change.

G. Disclosure of information-----

(7) provide safeguards which restrict the use or disclosure of information concerning applicants or recipients to purposes directly connected with the plan's administration;

(7) No change.

H. Application for assistance-----

(8) provide for affording all individuals who wish to do so an opportunity to apply for medical assistance under the plan and for furnishing such assistance with reasonable promptness to all applicants who are eligible for assistance under the plan;

(8) No change.

I. Institutional standards-----

(9) provide for a State authority or authorities with responsibility to establish and maintain standards for private or public institutions in which recipients of medical assistance under the plan may receive care or services;

(9) No change in this plan requirement but see. A.A. (requirement No. 26) below.

J. Comparability-----

(10) provide for making medical assistance available to all individuals receiving old-age assistance, aid to families with dependent children, aid to the blind, and aid to the permanently and totally disabled, and aid to the aged, blind, and disabled and—

(A) provide that the medical assistance made available to individuals receiving aid or assistance under any one of such plans—

(i) will not be less in amount, duration, or scope than the medical assistance made available to individuals receiving aid or assistance under any other such plan; and

(ii) will not be less in amount, duration, or scope than the medical or remedial care and services made available to individuals not receiving aid or assistance under any such plan; and

(B) if the plan includes medical or remedial care and services for any group of individuals who are not recipients under any such plan and do not meet the State's income and resource requirements under the one of such plans which, as determined in accordance with standards prescribed by the Secretary, is appropriate, provide (except for nursing home services and mental or TB hospital service for the aged)—

(10) Provides that the fact that the State (1) makes available to individuals age 65 or older the benefits of the supplementary medical insurance program under pt. B of title XVIII (Medicare) of the act (either pursuant to a "buy-in" agreement or by State payment of the premiums due under such pt. B on their behalf); or (2) provides for meeting part or all of the cost of the deductibles, cost sharing, or similar charges under such pt. B for individuals eligible for supplementary medical insurance benefits, does not require the State to make available any such benefits, or services of the same amount, duration, and scope, to any other individuals. Effective: After June 30, 1967.

MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued

Item	Prior law	Public Law 90-248
<p>II. State plan requirements—Con. J. Comparability—Continued</p>	<p>(i) for making medical or remedial care and services available to all individuals who if needy would be eligible for aid or assistance under any such plan and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the cost of necessary medical or remedial care and services, and (ii) that the medical or remedial care and services made available to all individuals who are not recipients under any such State plan will be equal in amount, duration, and scope;</p>	
<p>K. Cooperative arrangements with health and vocational agencies.</p>	<p>(11) provide for entering into cooperative arrangements with the State agencies responsible for health and vocational rehabilitation services looking toward maximum utilization of these services in providing medical assistance under the plan;</p>	<p>(11) No change.</p>
<p>L. Use of optometrist or physician.</p>	<p>(12) provide that in determining blindness an examination will be made either by a physician skilled in diseases of the eye or by an optometrist, as the individual may select;</p>	<p>(12) No change.</p>
<p>M. Required services and reasonable cost.</p>	<p>(13) provide for inclusion of some institutional and some noninstitutional care and services and, as of July 1, 1967, for the inclusion of at least the items of care and services listed in clauses (1) through (5) of sec. IV on benefits (see p.85); and for the payment of the reasonable cost (as determined in accordance with standards approved by the Secretary and included in the plan) of inpatient hospital services provided under the plan;</p>	<p>(13) Makes this requirement (other than the requirement related to reasonable cost) applicable only in the case of recipients of cash assistance under another of the State's approved public assistance plans. The State would have the option, in the case of individuals who are not recipients of cash assistance to make available at least (1) such 1st 5 items; or (2) any 7 of the 1st 14 items listed in sec. IV on benefits (see p. 85) and, if hospital or skilled nursing home services are included in the plan, physicians' services to an individual in a hospital or skilled nursing home during any period he is receiving hospital services or skilled nursing home services. Effective Jan. 1, 1968. Effective with July 1, 1970, the State plan must provide for the inclusion of home health services for any individual who, under such plan, is entitled to skilled nursing home services.</p>
<p>N. Deductibles-----</p>	<p>(14) provide that— (A) no deduction, cost sharing, or similar charge will be imposed on any individual with respect to in-patient hospital services furnished him under the plan; and (B) any deduction, cost sharing, or similar charge imposed for any other care or services furnished him, and any enrollment fee, premium,</p>	<p>(14) (A) This requirement would apply only in the case of individuals receiving cash assistance under a plan of the State approved under the other public assistance titles. (B) Also, the law makes clear that any deduction, cost sharing, or similar charge imposed under the plan with respect to inpatient hospital services, as well as</p>

O. Meeting cost of medicare deductibles.

or similar charge imposed under the plan, will be reasonably related (as determined in accordance with standards approved by the Secretary and included in the plan) to the recipient's income or to his income and resources;

(15) in the case of eligible individuals 65 years of age or older covered by either or both of the insurance programs (hospital insurance benefits for the aged, and supplementary medical insurance benefits for the aged), provides—

(A) for meeting the full cost of any deductible imposed with respect to any such individual under such hospital insurance benefits program; and

(B) where, under the plan, all of a deductible, cost sharing, or similar charge imposed with respect to any such individual under such supplementary medical insurance benefits program is not met, the portion which is met shall be determined on a basis reasonably related (as determined in accordance with standards approved by the Secretary and included in the plan) to such individual's income or to his income and resources;

P. Absentees

(16) No change.

Q. Income standards

(17) include reasonable standards, comparable for all groups, for determining eligibility for and the extent of medical assistance under the plan, which standards—

(A) are consistent with the objectives of title XIX;

(B) provide for taking into account only such income and resources as are, as determined in accordance with standards prescribed by the Secretary, available to the applicant or recipient and (in the case of any applicant or recipient who if he met the State's need requirements would be eligible for aid or assistance in the form of money payments under the State's plan approved under title I, IV, X, XIV, or XVI) as would not be disregarded (or set aside for future needs) in determining his eligibility for and the amount of aid or assistance under such plan;

(C) provide for reasonable evaluation of any such income or resources; and

(D) do not take into account the financial responsibility of any individual for any applicant or recipient unless such applicant or recipient is the individual's spouse or is his child who is under

other medical assistance, furnished under the plan to any individual, whether or not he is a recipient of assistance under another approved public assistance plan of the State, must be reasonably related to his income or his income and resources. Effective: Jan. 1, 1968.

(15) Would no longer require that a State plan meet the cost of deductibles imposed under pt. A of title XVIII and that the plan relate any deductibles imposed under the hospital insurance program, as well as the supplementary medical insurance program, of title XVIII to the income of the individuals covered under the plan. Effective: Jan. 1, 1968.

(17) Income levels may differ but only for the medically indigent based on variations between housing costs in urban areas and rural areas.

No other change in this provision but see p. 83 for limitations on Federal matching for individuals with incomes above certain amounts.

MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued

Item	Prior law	Public Law 90-248
<p>II. State plan requirements—Con. Q. Income standards—Con.</p>	<p>age 21 or, if the child is age 21 or over, is blind or permanently and totally disabled; and provide for flexibility in the application of such standards with respect to income by taking into account, except to the extent prescribed by the Secretary, the costs (whether in the form of insurance premiums or otherwise) incurred for medical care or any other type of remedial care recognized under State law;</p>	
<p>R. Property liens-----</p>	<p>(18) provide that property liens will not be imposed during a recipient's lifetime (except pursuant to a judgment of a court on account of benefits incorrectly paid), and preclude adjustments or recovery of medical assistance correctly paid except from the estate of a recipient who was at least age 65 when he received such assistance, and then only after the death of his surviving spouse and at a time when he has no surviving child who is under 21, blind, or permanently and totally disabled;</p>	<p>(18) No change.</p>
<p>S. Simplicity of administration.</p>	<p>(19) provide safeguards necessary to assure that eligibility for care and services under the plan will be determined and such care and services will be provided in a manner consistent with simplicity of administration and in the best interests of the recipients;</p>	<p>(19) No change.</p>
<p>T. Mental institutions-----</p>	<p>(20) if the State plan includes medical assistance in behalf of individuals 65 years or older who are patients in institutions for mental diseases— (A) provide for agreements or other arrangements with State authorities concerned with mental diseases. These will include arrangements for joint planning and for development of alternate methods of care, for assuring immediate readmittance to institutions where needed for individuals under alternate plans of care, for providing for access to patients and facilities, and for submitting information and reports; (B) provide for an individual plan for each such patient to assure that the institutional care provided is in his best interests, including assurances of initial and periodic review of his medical and other needs, of his receiving appropriate medical treatment within the institution, and of periodic determination of his need for continued institutional care;</p>	<p>(20) No change.</p>

(C) provide for the development of alternate plans of care with maximum utilization of available resources for recipients 65 years of age or older who would otherwise need care in such institutions, including appropriate medical treatment and other aid or assistance; for services to help such recipients and patients attain or retain capability for self-care or other services to prevent or reduce dependency which are appropriate; and for methods of administration necessary to assure that the State plan with respect to these recipients and patients will be effectively carried out; and

(D) provide methods of determining the reasonable cost of institutional care for such patients;

U. State mental institutions-----

(21) No change.

V. Professional staff-----

(22) No change.

W. Free choice-----

No provision.

Adds new State plan requirement (23) under which any individual eligible for medical assistance is free to choose to obtain the services he requires from any institution, agency, or person qualified to perform the required services (including a prepayment plan which provides such services or arranges for their availability) and which undertakes to provide such services to him. Effective July 1, 1969, except July 1, 1972, in the case of Puerto Rico, the Virgin Islands, and Guam.

X. Conditions of eligibility-----

Secretary cannot approve a plan which has any of the following conditions of eligibility:

- (1) an age requirement of more than 65 years; or
- (2) any age requirement which excludes any individual who has not attained the age of 21 and who meets the definition of a dependent child under title IV of the act regardless of age; or
- (3) any residence requirement which excludes any individual residing in the State; or
- (4) any citizenship requirement which excludes any citizen of the United States.

No change.

MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued

Item	Prior law	Public Law 90-248
<p>II. State plan requirements—Continued Y. Consultative services to providers of services.</p>	<p>No provision in title XIX.</p>	<p>Establishes a new plan requirement (24) under which a State plan for medical assistance must, effective July 1, 1969, provide for consultative services by health agencies and other appropriate State agencies to hospitals, nursing homes, home health agencies, clinics, laboratories, and other institutions specified by the Secretary in order to assist them with respect to (1) qualifying for payments under the act, (2) establishing and maintaining fiscal records necessary for the proper and efficient administration of the act, and (3) providing information needed to determine payments due under the act on account of care and services furnished to individuals. (Under another provision (see p. 82) the State could receive 75 percent Federal matching toward the cost of providing these consultative services.) A provision similar to this provision in title XVIII of the act (medicare) is repealed effective July 1, 1969.</p>
<p>Z. Payments from a 3d party----</p>	<p>No provision.</p>	<p>Establishes a plan requirement (25) under which a State must provide (1) that the State or local agency will take all reasonable measures to ascertain whether 3d parties are legally liable to pay for care and services available under the plan arising out of injury, disease, or disability; (2) that where the agency knows that a 3d party has such legal liability it will treat such legal liability as a resource of the individual for whom care and services are made available in its consideration of whether income and resources are available to him; and (3) that in any case where it is found that such legal liability exists after medical assistance has been provided to the individual, the agency will seek reimbursement for such medical assistance to the extent of such legal liability. Effective: For legal liabilities arising after Mar. 31, 1968.</p>
<p>A.A. Nursing home standards----</p>	<p>No specific provision.</p>	<p>Adds 3 new plan requirements related to standards for nursing homes as follows: New paragraph (26) requires such a plan, effective July 1, 1969, to provide for— (1) A regular program of medical review (including evaluation of each patient's need for skilled nursing home care or need for mental hospital care) a written plan of care, and, where applicable, a plan of rehabilitation prior to admission to a skilled nursing home;</p>

(2) Periodic inspections of all skilled nursing homes and mental institutions within the State by at least 1 medical review team (composed of physicians and other appropriate health and social service personnel) of (a) the care provided in such homes and such institutions, to recipients under the plan; (b) with respect to each patient receiving such care, the adequacy of services available in particular nursing homes (or mental institutions) to meet the current health needs and promote the maximum physical well-being of patients; (c) the necessity and desirability of their continued placement in such homes (or mental institutions); and (d) the feasibility of meeting their health care needs through alternative institutional or noninstitutional services; and

(3) The making by such a team of full and complete reports of the findings resulting from its inspections and any recommendations to the State agency.

Paragraph (27) requires the plan to provide for agreements with every supplier of services under the plan under which such supplier agrees to keep full records of the services provided to recipients under the plan, and to furnish the State agency such information about any payments it claimed for providing services under the plan as the agency may request.

Paragraph (28) requires the plan to provide that any skilled nursing home receiving payments under the plan must—

(1) Supply the State licensing agency with full and complete information as to the identity of each person having a direct or indirect ownership interest of at least 10 percent in such home, and if it is a corporation or partnership the names of the officers and directors, or partners; and report promptly any changes which would affect the current accuracy of the required information;

(2) Have and maintain an organized nursing service for its patients, which is directed by a professional registered nurse employed full time by such home and composed of sufficient nursing and auxiliary personnel to provide adequate and properly supervised nursing services during all hours of each day and all days of each week;

(3) Provide for professional planning and supervision of menus and meal service for patients for whom special diets or dietary restrictions are medically prescribed;

(4) Have satisfactory policies and procedures for maintenance of medical records on each of its patients, for dispensing and administering drugs and biologicals, and for assuring that each patient is under a physician's care and is provided medical attention during emergencies;

MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued

Item	Prior law	Public Law 90-248
<p>II. State plan requirements—Continued</p> <p>A.A. Nursing home standards—Continued</p>		<p>(5) Have arrangements with at least 1 general hospital under which the hospital will provide needed diagnostic and other services to patients of such home and agree to timely admission of acutely ill patients of the home who need hospital care; except that the State agency may waive this requirement in whole or in part with respect to any nursing home meeting all the other requirements and which, because of its remote location or other good and sufficient reason, is unable to make such an arrangement with a hospital; and</p> <p>(6)(a) Meet (after Dec. 31, 1969), provisions of the Life Safety Code of the National Fire Protection Association (21st edition, 1967) applicable to nursing homes; except that the State agency may waive, for periods it deems appropriate, specific provisions of such code which, if rigidly applied, would cause unreasonable hardship to a nursing home, where the agency makes a determination (and keeps a written record of the basis thereof) that such waiver will not adversely affect the health and safety of the patients of such home; and except that the requirements described in this item (6)(a) shall not apply in any State if the Secretary finds that such State has in effect a fire and safety code, imposed by State law, which adequately protects patients in nursing homes; and (b) meet conditions relating to environment and sanitation applicable to extended care facilities under title XVIII of the act; except that any requirement described in this item (6)(b) may be waived by the State agency in situations and under conditions comparable to those described in item (6)(a), above. Effective: Jan. 1, 1969, except when indicated differently.</p>
<p>B.B. Licensing of nursing home administrators.</p>	<p>No provision.</p>	<p>Establishes a plan requirement under which a State must have a program which meets the requirements set forth below for the licensing of administrators of nursing homes.</p> <p>For purposes of the requirement a State licensing program is one which provides that no nursing home within the State may operate except under the supervision of an administrator who is licensed as provided pursuant to the following requirements. Licensing of nursing home administrators must be carried out by the State agency responsible for licensing under the State's Healing Arts Licensing Act or, if there is no such act or</p>

agency, a board representative of the professions and institutions concerned with care of chronically ill and infirm aged patients.

It shall be the function of the agency or board to—

(1) Develop, impose, and enforce standards to be met as a condition of receiving a license as a nursing home administrator, designed to insure that such an administrator will be of good character and otherwise suitable, and, by training or experience in the field of institutional administration, will be qualified to serve as such an administrator;

(2) Develop and apply appropriate techniques, including examinations and investigations, for determining whether an individual meets such standards;

(3) Issue licenses to individuals who meet such standards, and revoke or suspend licenses in any case of substantial failure to conform to such standards;

(4) Establish and carry out procedures designed to insure that such licenses will, during any period that they serve as such administrators, comply with such standards;

(5) Receive, investigate, and take appropriate action with respect to any charge or complaint filed with the agency or board to the effect that any such licensee has failed to comply with such standards; and

(6) Conduct a continuing study and investigation of nursing homes and administrators of nursing homes within the State with a view to the improvement of such licensing standards and of procedures and methods for the enforcement of such standards.

A waiver may be granted to any individual who has served as a nursing home administrator, during the full year before the State sets up its licensing agency, with respect to standards except those which relate to good character or suitability if—

(1) such waiver is for a period which ends after being in effect for 2 years or on Dec. 31, 1971, whichever is earlier, and

(2) there is provided in the State (during all of the period for which waiver is in effect), a program of training and instruction designed to enable all individuals, with respect to whom any such waiver is granted, to attain the qualifications necessary to meet such standards.

Authorizes appropriations as necessary for fiscal years 1968-72 to make grants to the States to help carry out these training programs.

Creates a National Advisory Council on Nursing Home Administration of nine persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the civil service laws. The purpose of the council is to advise the Secretary and the States in carrying out these provisions. The members shall include, but not be limited to, representatives of State health officers, State welfare directors, nursing home administrators, and university programs in public health or medical care administration.

MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued

Item	Prior law	Public Law 90-248
<p>II. State plan requirements—Continued B.B. Licensing, etc.—Continued</p>	<p>No provision.</p>	<p>The Council must be appointed before July 1, 1968, shall make a report on certain functions by July 1, 1969, and shall go out of existence on Dec. 31, 1971.</p>
<p>C.C. Utilization review and control.</p>	<p>No provision.</p>	<p>Provides that the State plan must include methods and procedures relating to the utilization and payment for covered services as may be necessary to safeguard against unnecessary utilization and to assure that payments (including payment for drugs) are reasonable and consistent with efficiency, economy, and quality of care.</p>
<p>III. Payments to States: A. Amounts paid to States.....</p>	<p>Each State with an approved plan for medical assistance receives— (1) an amount equal to the Federal medical assistance percentage, as defined below, of the total medical assistance expenditures during the quarter, including in such expenditures premiums under pt. B of title XVIII for recipients of money payments under title I, IV, X, XIV, or XVI, and other insurance premiums for medical or remedial care or the cost of such care; plus (2) an amount equal to 75 percent of the amounts expended for administrative costs attributable to compensation or training of skilled professional medical personnel and directly supporting staff of the State agency or local agency administering the plan; plus (3) ½ of the remaining administrative expenses. However, the amount of the Federal payment attributable to expenditures with respect to individuals 65 years of age or older who are patients in institutions for mental diseases is to be paid only to the extent that total expenditures from Federal, State, and local funds for mental health services under State and local public health and public welfare programs for the quarter are shown to the satisfaction of the Secretary to exceed the average of the total expenditures for these services for each quarter of the fiscal year ending June 30, 1965. The expenditures for these services for each quarter in the fiscal year ending June 30, 1965, are determined on the basis of the latest data available to the Secretary at the time of the 1st determination, and expenditures for quarters beginning after Dec. 31, 1965, are deter-</p>	<p>(1) No change. (2) Authorizes 75-percent Federal financial participation in expenses attributable to the compensation or training of skilled medical personnel and directly supporting staff engaged in the administration of an approved title XIX plan without regard to whether such personnel are employees of the single State agency responsible for administration of the plan or of some other public agency participating in the administration of the plan. Effective: For expenditures made after Dec. 1967. (3) No change.</p>

<p>B. Definition of Federal medical assistance percentage.</p>	<p>mined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the determination for such State for such quarter.</p> <p>The term "Federal medical assistance percentage" for a State is 100 percent minus the percentage which bears the same ratio to 45 percent as the square of the per capita income of such State bears to the square of the per capita income of the 50 States and the District of Columbia. Such percentage is in no case less than 50 percent or more than 83 percent, except that for Puerto Rico, the Virgin Islands, and Guam it is set at 55 percent.</p>	<p>"Federal medical assistance percentage" for Puerto Rico, Guam, and the Virgin Islands is changed to 50 percent effective with 1968.</p>
<p>C. Guarantee of higher percentage than under prior law.</p>	<p>If the Secretary finds, on the basis of satisfactory information submitted by a State, that its Federal medical assistance percentage applicable to any quarter during the period Jan. 1, 1966, through June 30, 1969, is less than 105 percent of the Federal share of the State's medical expenditures during the fiscal year ending June 30, 1965, then its Federal medical assistance percentage will be 105 percent of such Federal share instead of the percentage. Such adjusted percentage will be applicable for such quarter and each subsequent quarter in such period prior to the first quarter as to which such finding is not applicable.</p> <p>For the above purposes, such Federal share means the percentage which the excess of—</p> <p>(A) the total of the amounts of the Federal shares (determined under the applicable formulas of the public assistance titles of the act) of the State's expenditures for aid or assistance in any form during fiscal year 1965 under its plans approved under titles I, IV, X, XIV, and XVI over</p> <p>(B) the total of the Federal shares determined under such formulas with respect to its expenditures of aid or assistance during such year, excluding aid or assistance in the form of medical or remedial care, is of the total of aid or assistance expenditures in the form of medical or remedial care under such plans during such year.</p>	<p>No change.</p>
<p>D. Federal medical assistance percentage for the States.</p>	<p>The following are the Federal medical assistance percentages for the States for the period July 1, 1967, to June 30, 1969:</p>	<p>States would be limited in setting income levels for eligibility for which Federal matching funds would be available. The family income level could not be higher than 133⅓ percent of the highest amount ordinarily paid to a family of the same size without income or resources under the program of aid to families with dependent children. Needy persons receiving or eligible for aid or assistance under the cash assistance titles of the act would be exempt from this provision. The 133⅓ proportion would go into effect on July 1, 1968, except that for States which had a title XIX program approved</p>

MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued

Item	Prior law	Public Law 90-248																																																																																		
III. Payments to States—Continued D. Federal medical assistance percentage for the State—Con.	<table><thead><tr><th>State</th><th>Percent</th></tr></thead><tbody><tr><td>Alabama</td><td>78.60</td></tr><tr><td>Alaska</td><td>50.00</td></tr><tr><td>Arizona</td><td>64.99</td></tr><tr><td>Arkansas</td><td>79.81</td></tr><tr><td>California</td><td>50.00</td></tr><tr><td>Colorado</td><td>55.31</td></tr><tr><td>Connecticut</td><td>50.00</td></tr><tr><td>Delaware</td><td>50.00</td></tr><tr><td>District of Columbia</td><td>50.00</td></tr><tr><td>Florida</td><td>65.09</td></tr><tr><td>Georgia</td><td>72.85</td></tr><tr><td>Hawaii</td><td>50.00</td></tr><tr><td>Idaho</td><td>67.87</td></tr><tr><td>Illinois</td><td>50.00</td></tr><tr><td>Indiana</td><td>53.39</td></tr><tr><td>Iowa</td><td>59.60</td></tr><tr><td>Kansas</td><td>57.90</td></tr><tr><td>Kentucky</td><td>75.25</td></tr><tr><td>Louisiana</td><td>74.58</td></tr><tr><td>Maine</td><td>69.92</td></tr><tr><td>Maryland</td><td>50.00</td></tr><tr><td>Massachusetts</td><td>50.00</td></tr><tr><td>Michigan</td><td>50.00</td></tr><tr><td>Minnesota</td><td>58.40</td></tr><tr><td>Mississippi</td><td>83.00</td></tr><tr><td>Missouri</td><td>58.40</td></tr><tr><td>Montana</td><td>64.01</td></tr><tr><td>Nebraska</td><td>60.48</td></tr><tr><td>Nevada</td><td>50.00</td></tr><tr><td>New Hampshire</td><td>60.12</td></tr><tr><td>New Jersey</td><td>50.00</td></tr><tr><td>New Mexico</td><td>70.15</td></tr><tr><td>New York</td><td>50.00</td></tr><tr><td>North Carolina</td><td>75.30</td></tr><tr><td>North Dakota</td><td>70.74</td></tr><tr><td>Ohio</td><td>52.64</td></tr><tr><td>Oklahoma</td><td>69.61</td></tr></tbody></table>	State	Percent	Alabama	78.60	Alaska	50.00	Arizona	64.99	Arkansas	79.81	California	50.00	Colorado	55.31	Connecticut	50.00	Delaware	50.00	District of Columbia	50.00	Florida	65.09	Georgia	72.85	Hawaii	50.00	Idaho	67.87	Illinois	50.00	Indiana	53.39	Iowa	59.60	Kansas	57.90	Kentucky	75.25	Louisiana	74.58	Maine	69.92	Maryland	50.00	Massachusetts	50.00	Michigan	50.00	Minnesota	58.40	Mississippi	83.00	Missouri	58.40	Montana	64.01	Nebraska	60.48	Nevada	50.00	New Hampshire	60.12	New Jersey	50.00	New Mexico	70.15	New York	50.00	North Carolina	75.30	North Dakota	70.74	Ohio	52.64	Oklahoma	69.61	<p>before July 26, 1967, for the period from July 1, 1968, to Jan. 1, 1969, the proportion would be 150 rather than 133½ percent and for that period from Jan. 1, 1969, to Jan. 1, 1970, the proportion would be 140 percent. Puerto Rico, the Virgin Islands, and Guam would be exempt from these provisions and would instead be limited by dollar ceilings as follows:</p> <table><tbody><tr><td>Puerto Rico</td><td>\$20,000,000</td></tr><tr><td>Virgin Islands</td><td>650,000</td></tr><tr><td>Guam</td><td>900,000</td></tr></tbody></table> <p>Federal matching would be reduced to 50 percent.</p>	Puerto Rico	\$20,000,000	Virgin Islands	650,000	Guam	900,000
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Pennsylvania-----	55.03
Rhode Island-----	52.61
South Carolina-----	80.50
South Dakota-----	73.26
Tennessee-----	76.14
Texas-----	67.10
Utah-----	65.24
Vermont-----	69.00
Virginia-----	65.85
Washington-----	50.00
West Virginia-----	75.84
Wisconsin-----	56.68
Wyoming-----	59.20

E. Comprehensive care by 1975----

No change.

No provision-----
The Secretary of Health, Education, and Welfare is not allowed to make any payments to a State unless the State shows that it is making efforts to broaden the scope of the care and services and to liberalize the eligibility requirements with a view to furnishing by July 1, 1975, comprehensive care and services to substantially all individuals who meet the plan's income and resources test.

IV. Benefits:

A. Direct payment to recipient-----

At the option of the State, payments for physicians' and dentists' services can be made directly to the medically needy. All payments to cash recipients must continue to be made to the vendor of medical services as will those for the medically needy other than those involving physicians and dentists.

B. Essential persons-----

Provides that States may also include a person essential to the welfare of a cash assistance recipient. An "essential person" for this purpose is the spouse of the recipient and living with him and she must have her needs taken into account in deciding the size of the grant and be essential to his well-being.

Vendor payments (payments made directly to the supplier of the services) can be made on behalf of individuals who are under the age of 21, dependent children under title IV, or relatives with whom such children are living, or who are 65 years of age or older, are blind, or are 18 years of age or older and permanently and totally disabled, but whose income and resources are insufficient to meet all of such cost can be covered by a State--

- (1) in-patient hospital services (other than services in an institution for tuberculosis or mental diseases);
- (2) out-patient hospital services;
- (3) other laboratory and X-ray services;
- (4) skilled nursing home services (other than services in an institution for tuberculosis or mental diseases) for individuals age 21 or over.
- (5) physicians' services, whether furnished in the office, the patient's home, a hospital, a skilled nursing home, or elsewhere;
- (6) medical care, or any other type of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law;
- (7) home health care services;
- (8) private duty nursing services;
- (9) clinic services;
- (10) dental services;
- (11) physical therapy and related services;

MEDICAL ASSISTANCE—TITLE XIX (MEDICAID)—Continued

Item	Prior law	Public Law 90-248
<p>IV. Benefits—Continued</p> <p>B. Essential persons—Continued</p>	<p>(12) prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select;</p> <p>(13) other diagnostic, screening, preventive, and rehabilitative services;</p> <p>(14) in-patient hospital services and skilled nursing home services for individuals 65 years of age or over in an institution for tuberculosis or mental diseases; and</p> <p>(15) any other medical care, and any other type of remedial care recognized under State law, specified by the Secretary.</p> <p>The benefits can not include—</p> <p>(A) payments with respect to care or services for an individual who is an inmate of a public institution (except as a patient in a medical institution); or</p> <p>(B) payments with respect to care or services for any individual who has not attained 65 years of age and who is a patient in an institution for tuberculosis or mental diseases.</p>	
<p>V. Maintenance of State effort-----</p>	<p>Federal matching for any State for any quarter prior to July 1, 1969, shall be reduced to the extent the excess of Federal matching for such quarter for the new medical program, old-age assistance, aid to needy families with children, aid to the blind, aid to the permanently and totally disabled, and aid under the consolidated program over the corresponding quarter in fiscal year 1964 or 1965 or average quarterly Federal matching for these programs in fiscal year 1964 or 1965 is greater than the excess of total expenditures (Federal, State, and local) on these programs in such quarter over the corresponding quarter or of the average total quarterly expenditures on these programs in fiscal year 1964 or 1965.</p>	<p>Maintenance of effort could be determined on the basis of money payments alone. Also, current expenditures could be measured on the basis of a full fiscal year (rather than a quarter). In addition, child welfare expenditures could be included in the determination either with money payments alone or with money payments and medical assistance. The provision would be effective July 1, 1966, rather than Jan. 1, 1966, and would be repealed effective July 1, 1968.</p>
<p>VI. Advisory Council-----</p>	<p>No provision.</p>	<p>Requires Secretary of HEW to appoint an Advisory Council on Medical Assistance to advise the Secretary on administration of the medicaid (title XIX) program. The Council would consist of 21 members with one of the members acting, upon appointment of the Secretary, as Chairman. The members are to include representatives of State and local agencies and nongovernmental groups concerned with health, and consumers of health services, with a majority to consist of consumer representatives. Members are to hold office for 4 years with the 1st offices staggered.</p>

VII. Observance of religious beliefs-----

No provision.

Provides that no person may be compelled to undergo medical screening, examination, diagnosis, or treatment, except for the purpose of discovering and preventing the spread of infection or contagious disease or to protect environmental health, if the person objects on religious grounds.

VIII. Intermediate care facilities-----

No provision.

The law provides for vendor payments in behalf of persons who qualify for OAA, AB or APTD (or the combined program) and who are living in facilities (including a Christian Science sanitarium) which are more than boarding houses but which are less than skilled nursing homes. The rate of Federal sharing for payments for care in those institutions is at the same rate as for medical assistance under title XIX. Such homes will have to meet safety and sanitation standards comparable to those required for nursing homes in a given State.

DATA ON PUBLIC ASSISTANCE PROGRAMS

TABLE 1.—*Special types of public assistance and general assistance: Expenditures for assistance to recipients, by program and source of funds, fiscal year ended June 30, 1967*¹

[Includes vendor payments for medical care]

Program	Expenditures from—			
	Total	Federal funds	State funds	Local funds
	Amount (in thousands)			
Total-----	\$6, 981, 511	\$3, 814, 859	\$2, 319, 760	\$846, 892
Special types of public assistance-----	6, 624, 753	3, 814, 859	2, 129, 912	679, 982
Old-age assistance-----	1, 861, 143	1, 253, 834	533, 471	73, 838
Aid to the blind-----	89, 172	51, 782	31, 950	5, 441
Aid to the permanently and totally disabled-----	570, 129	336, 442	190, 339	43, 348
Aid to families with dependent children-----	2, 065, 156	1, 170, 461	643, 546	251, 149
Medical assistance ² -----	1, 944, 161	952, 068	697, 115	294, 978
Medical assistance for the aged-----	94, 991	50, 271	33, 492	11, 227
General assistance-----	356, 758	-----	189, 848	166, 910

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 1.—*Special types of public assistance and general assistance: Expenditures for assistance to recipients, by program and source of funds, fiscal year ended June 30, 1967*—Continued

[Includes vendor payments for medical care]

Program	Expenditures from—			
	Total	Federal funds	State funds	Local funds
Percentage distribution by program				
Total.....	100.0	100.0	100.0	100.0
Special types of public assistance.....	94.9	100.0	91.8	80.3
Old-age assistance.....	26.7	32.9	23.0	8.7
Aid to the blind.....	1.3	1.4	1.4	.6
Aid to the permanently and totally disabled.....	8.2	8.8	8.2	5.1
Aid to families with dependent children.....	29.6	30.7	27.7	29.7
Medical assistance ²	27.8	25.0	30.1	34.8
Medical assistance for the aged.....	1.4	1.3	1.4	1.3
General assistance.....	5.1	-----	8.2	19.7
Percentage distribution by source of funds				
Total.....	100.0	54.6	33.2	12.1
Special types of public assistance.....	100.0	57.6	32.2	10.3
Old-age assistance.....	100.0	67.4	28.7	4.0
Aid to the blind.....	100.0	58.1	35.8	6.1
Aid to the permanently and totally disabled.....	100.0	59.0	33.4	7.6
Aid to families with dependent children.....	100.0	56.7	31.2	12.2
Medical assistance ²	100.0	49.0	35.9	15.2
Medical assistance for the aged.....	100.0	52.9	35.3	11.8
General assistance.....	100.0	-----	53.2	46.8

¹ Expenditures for assistance include all money payments to recipients, vendor payments for medical care and assistance in kind to, and vendor payments on behalf of recipients for goods and services to meet their maintenance needs. Vendor payments for burial are excluded. Amounts cannot

be compared with annual data based on monthly series or with amount of Federal grants to the States.

² Program initiated January 1966 under Public Law 89-97.

TABLE 2.—Expenditures for assistance and for administration, services, and training, by program and source of funds, fiscal year ended June 30, 1967

[Amounts in thousands]

Program	Total	Federal funds		State funds		Local funds	
		Amount	Percent	Amount	Percent	Amount	Percent
Total.....	\$7, 825, 800	\$4, 259, 176	54. 4	\$2, 752, 937	32. 9	\$993, 686	12. 7
Special types of public assistance.....	7, 384, 970	4, 259, 176	57. 7	2, 336, 961	31. 6	788, 833	10. 7
Old-age assistance.....	2, 034, 131	1, 348, 942	66. 3	587, 998	28. 9	97, 191	4. 8
Aid to the blind.....	100, 519	57, 849	57. 6	35, 866	35. 7	6, 804	6. 8
Aid to the permanently and totally disabled.....	659, 721	385, 729	58. 5	215, 304	32. 6	58, 688	8. 9
Aid to families with dependent children.....	2, 451, 503	1, 412, 586	57. 6	731, 816	29. 9	307, 101	12. 5
Medical assistance ¹	2, 036, 556	999, 832	49. 1	730, 319	35. 9	306, 404	15. 0
Medical assistance for the aged.....	102, 541	54, 238	52. 9	35, 657	34. 8	12, 646	12. 3
General assistance.....	440, 830	-----	-----	235, 976	53. 5	204, 853	46. 5

¹ Program initiated January 1966 under Public Law 89-97.

NOTE.—Expenditures for administration include those for determining initial and continuing eligibility to receive financial assistance and for providing welfare services to people applying for or receiving financial assistance or welfare services only.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 3.—Special types of public assistance and general assistance: Payments for vendor medical bills—Total amount, amount for which type of service was not reported, and amount in all States reporting for specified type of service, by program, fiscal year ended June 30, 1967

[Amounts in thousands]

Program	Total	Type of service not reported ¹	In all States reporting for specified type of service ²							
			Total for specified types of services	In-patient hospital care	Nursing home care	Physicians' services	Other practitioners' services	Dental care	Pre-scribed drugs	Other
			Amount of vendor payments for medical care ³							
Total.....	\$2, 345, 372	\$11, 582	\$2, 333, 791	\$955, 075	\$772, 620	\$230, 299	\$18, 039	\$72, 804	\$182, 584	\$102, 371
Special types of public assistance.....	2, 270, 996	740	2, 270, 256	912, 662	766, 120	224, 543	17, 923	72, 246	179, 424	97, 338
Old-age assistance.....	160, 089	54	160, 035	24, 846	101, 581	10, 119	268	1, 044	20, 900	1, 277
Aid to the blind.....	3, 081	-----	3, 081	922	1, 361	204	8	43	480	64
Aid to the permanently and totally disabled.....	42, 305	-----	42, 302	15, 831	16, 280	1, 604	85	399	7, 200	902
Aid to families with dependent children.....	33, 969	18	33, 951	16, 394	68	6, 179	462	2, 880	6, 018	1, 949
Medical assistance.....	1, 936, 753	589	1, 936, 164	830, 314	587, 286	203, 679	16, 978	67, 698	138, 187	92, 021
Medical assistance for the aged.....	94, 798	76	94, 722	24, 354	59, 544	2, 758	122	181	6, 638	1, 124
General assistance.....	74, 376	10, 842	63, 535	42, 413	6, 500	5, 756	116	558	3, 160	5, 033
Percentage distribution										
Total.....	100. 0	0. 5	99. 5	40. 7	32. 9	9. 8	0. 8	3. 1	7. 8	4. 4
Special types of public assistance.....	100. 0	(⁴)	100. 0	40. 2	33. 7	9. 9	. 8	3. 2	7. 9	4. 3
Old-age assistance.....	100. 0	(⁴)	100. 0	15. 5	63. 5	6. 3	. 2	. 7	13. 1	. 8
Aid to the blind.....	100. 0	-----	100. 0	29. 9	44. 2	6. 6	. 2	1. 4	15. 6	2. 1
Aid to the permanently and totally disabled.....	100. 0	(⁴)	100. 0	37. 4	38. 5	3. 8	. 2	. 9	17. 0	2. 1
Aid to families with dependent children.....	100. 0	. 1	99. 9	48. 3	. 2	18. 2	1. 4	8. 5	17. 7	5. 7
Medical assistance.....	100. 0	(⁴)	100. 0	42. 9	30. 3	10. 5	. 9	3. 5	7. 1	4. 8
Medical assistance for the aged.....	100. 0	. 1	99. 9	25. 7	62. 8	2. 9	. 1	. 2	7. 0	1. 2
General assistance.....	100. 0	14. 6	85. 4	57. 0	8. 7	7. 7	. 2	. 7	4. 2	6. 8

¹ These amounts cannot be distributed in the same way as the amounts shown for the various types of service because (1) some States may not provide through the vendor payment all the specified services; and (2) amounts for the types of service include data for State reporting a partial distribution of vendor payments.

² Includes amounts in States that reported a partial distribution of vendor payments by type of service.

³ For States operating pooled funds or other prepayment plans, data represent payments out of these funds to specified type of vendor.

⁴ Less than 0.05 percent.

TABLE 4.—*Recipients of public assistance money payments and/or nonmedical vendor payments and average monthly payment per recipient by program, December of calendar years 1936-66¹*

Year and month	Recipients ² (in thousands)							Average monthly payment per recipient ²				
	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled ³	Aid to families with dependent children			General assistance ⁵	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled ³	Aid to families with dependent children	General assistance ⁵
				Families	Total recipients ⁴	Children						
1936-----	1, 108	45	---	162	546	404	4, 545	\$18.80	\$26.10	---	---	\$8.00
1937-----	1, 579	56	---	229	769	568	4, 840	19.45	27.20	---	---	8.50
1938-----	1, 779	67	---	281	935	688	5, 177	19.55	25.20	---	---	7.90
1939-----	1, 912	70	---	316	1, 042	784	4, 675	19.30	25.45	---	---	8.30
1940-----	2, 070	73	---	372	1, 222	895	3, 618	20.25	25.35	---	---	8.30
1941-----	2, 238	77	---	391	1, 288	944	2, 068	21.25	25.80	---	---	9.40
1942-----	2, 230	79	---	349	1, 158	851	1, 000	23.35	26.55	---	---	11.65
1943-----	2, 149	76	---	272	916	676	558	26.65	27.95	---	---	14.55
1944-----	2, 066	72	---	254	862	639	477	28.45	29.30	---	---	15.60
1945-----	2, 056	71	---	274	943	701	507	30.90	33.50	---	---	16.55
1946-----	2, 196	77	---	346	1, 190	885	673	35.30	36.65	---	---	18.45
1947-----	2, 332	81	---	416	1, 426	1, 060	739	37.40	39.60	---	---	20.60
1948-----	2, 498	86	---	475	1, 632	1, 214	842	42.00	43.55	---	---	22.40
1949-----	2, 736	93	---	599	2, 048	1, 521	1, 337	44.75	46.10	---	---	21.25
1950-----	2, 786	97	69	651	2, 233	1, 661	866	43.05	46.00	\$44.10	---	22.25
1951-----	2, 701	97	124	592	2, 041	1, 523	664	44.55	48.05	46.45	22.00	22.90
1952-----	2, 635	98	161	596	1, 991	1, 495	587	48.80	53.50	48.40	23.45	23.30
1953-----	2, 582	100	192	547	1, 941	1, 464	618	48.90	54.05	47.90	23.20	22.05
1954-----	2, 553	102	222	604	2, 173	1, 639	880	48.70	54.35	48.35	23.25	22.85
1955-----	2, 538	104	241	602	2, 192	1, 661	743	50.05	55.55	48.75	23.50	23.30
1956-----	2, 499	107	266	615	2, 270	1, 731	731	53.25	60.00	50.70	24.80	23.45
1957-----	2, 480	108	290	667	2, 497	1, 912	907	55.50	62.20	52.35	25.40	22.70
1958-----	2, 438	110	325	755	2, 486	2, 181	1, 246	56.95	63.55	53.80	26.65	24.05
1959-----	2, 370	108	346	776	2, 946	2, 265	1, 107	56.70	65.60	54.15	27.30	25.05
1960-----	2, 305	107	369	803	3, 073	2, 370	1, 244	58.90	67.45	56.15	28.35	24.85
1961-----	2, 229	103	389	916	3, 566	2, 753	1, 069	57.60	68.05	57.05	29.45	26.15
1962-----	2, 183	99	428	932	3, 789	2, 844	900	61.55	71.95	58.50	29.30	26.30
1963-----	2, 152	97	464	954	3, 930	2, 951	872	62.80	73.95	59.85	29.70	27.45
1964-----	2, 120	95	509	1, 012	4, 219	3, 170	779	63.65	76.15	62.25	31.50	30.50
1965-----	2, 087	85	557	1, 054	4, 396	3, 316	677	63.10	81.35	66.50	32.85	31.65
1966-----	2, 073	84	588	1, 127	4, 666	3, 526	663	68.05	86.85	74.75	36.25	36.20

See footnotes at end of table, p. 92

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 4.—*Recipients of public assistance money payments and/or nonmedical vendor payments and average monthly payment per recipient, by program, December of calendar years 1936-66¹—Continued*

Year and month	Recipients ² (in thousands)					Average monthly payment per recipient ³						
	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled ³	Aid to families with dependent children			General assistance ⁵	Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled ³	Aid to families with dependent children	General assistance ⁵
				Families	Total recipients ⁴	Children						
1966												
January-----	2, 074	85	556	1, 063	4, 439	714	\$64.15	\$82.50	\$67.95	\$33.10	\$30.40	
February-----	2, 071	85	560	1, 073	4, 487	714	64.05	82.25	68.05	33.25	30.90	
March-----	2, 074	85	563	1, 082	4, 524	712	63.70	83.55	68.60	33.60	31.90	
April-----	2, 073	85	566	1, 086	4, 527	647	63.95	83.20	68.95	33.30	33.10	
May-----	2, 078	85	570	1, 084	4, 505	609	64.20	83.45	69.50	33.45	34.00	
June-----	2, 076	85	573	1, 079	4, 472	592	64.45	83.95	69.75	33.65	35.05	
July-----	2, 078	84	570	1, 076	4, 457	574	65.55	85.05	71.65	34.30	36.05	
August-----	2, 078	84	574	1, 084	4, 480	597	66.35	85.55	72.40	34.65	36.85	
September-----	2, 084	84	580	1, 091	4, 508	597	67.30	86.30	72.70	35.70	37.95	
October-----	2, 089	84	583	1, 097	4, 528	600	67.25	86.15	72.95	35.60	37.90	
November-----	2, 079	84	585	1, 108	4, 568	611	67.45	86.05	73.65	36.05	37.20	
December-----	2, 073	84	588	1, 127	4, 666	663	68.05	86.85	74.75	36.25	36.20	

¹ Includes Puerto Rico and the Virgin Islands, beginning October 1950 (under the 1950 Amendments to the Social Security Act) and Guam, beginning July 1959 (under the 1958 amendments). See also footnotes 3 and 4.

² December of each year.

³ Program initiated October 1950 under the 1950 amendments.

⁴ Children and 1 or both parents or 1 adult caretaker relative other than

a parent in families in which the requirements of such adults were considered in determining the amount of assistance; before December 1950 partly estimated.

⁵ Partly estimated. Excludes Idaho beginning September 1957, Nebraska, September 1952-December 1953 and beginning November 1963, Indiana beginning January 1962; data not available.

TABLE 5.—Amount of public assistance money payments and amount expended per inhabitant, by program, calendar years 1936-66¹

Year	Amount of money payments (in thousands)						Amount of money payment per inhabitant ³					
	Total	Total	Federally aided programs				Total	Federally aided programs				General assistance
			Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled ²	Aid to families with dependent children		Old-age assistance	Aid to the blind	Aid to the permanently and totally disabled ²	Aid to families with dependent children	
1936-----	\$655, 086	\$217, 951	\$155, 484	\$12, 814	-----	\$49, 653	\$437, 134	\$1. 70	\$0. 10	-----	\$0. 40	\$3. 40
1937-----	802, 937	396, 217	309, 550	16, 173	-----	70, 494	406, 720	3. 10	. 15	-----	. 55	3. 15
1938-----	987, 025	511, 419	394, 874	18, 953	-----	97, 592	475, 606	3. 95	. 15	-----	. 75	3. 65
1939-----	1, 050, 790	568, 670	433, 507	20, 372	-----	114, 791	482, 120	4. 35	. 15	-----	. 90	3. 70
1940-----	1, 020, 115	627, 906	472, 778	21, 735	-----	133, 393	392, 209	4. 75	. 15	-----	1. 00	2. 95
1941-----	989, 397	716, 231	540, 074	22, 856	-----	153, 301	273, 166	5. 40	. 15	-----	1. 15	2. 05
1942-----	956, 846	776, 408	593, 400	24, 559	-----	158, 449	180, 438	4. 45	. 20	-----	1. 20	1. 35
1943-----	926, 325	815, 414	649, 970	25, 045	-----	110, 399	110, 912	6. 05	. 20	-----	1. 05	. 80
1944-----	940, 399	851, 051	690, 727	25, 256	-----	135, 068	89, 347	5. 15	. 20	-----	1. 00	. 65
1945-----	987, 934	901, 673	725, 683	26, 515	-----	149, 475	86, 262	5. 45	. 20	-----	1. 10	. 65
1946-----	1, 179, 318	1, 058, 921	819, 764	30, 717	-----	208, 440	120, 398	7. 55	. 20	-----	1. 50	. 85
1947-----	1, 480, 800	1, 316, 574	986, 366	36, 193	-----	294, 015	164, 226	9. 15	. 25	-----	2. 05	1. 15
1948-----	1, 730, 713	1, 532, 262	1, 128, 190	41, 284	-----	362, 788	198, 451	10. 45	. 30	-----	2. 45	1. 35
1949-----	2, 174, 974	1, 893, 717	1, 372, 898	48, 448	-----	472, 371	281, 257	8. 95	. 30	-----	3. 10	1. 85
1950-----	2, 354, 485	2, 061, 700	1, 453, 917	52, 567	\$8, 042	547, 174	292, 786	9. 35	. 35	\$0. 05	3. 50	1. 90
1951-----	2, 279, 612	2, 085, 153	1, 427, 603	54, 473	54, 312	548, 765	194, 459	9. 05	. 35	. 35	3. 50	1. 25
1952-----	2, 311, 540	2, 142, 045	1, 462, 936	59, 536	81, 533	538, 040	169, 495	9. 15	. 35	. 50	3. 35	1. 05
1953-----	2, 374, 158	2, 222, 891	1, 513, 293	63, 601	102, 031	543, 966	151, 267	9. 30	. 40	. 65	3. 35	. 95
1954-----	2, 451, 785	2, 255, 735	1, 497, 578	65, 238	119, 791	573, 128	196, 050	9. 00	. 40	. 70	3. 45	1. 20
1955-----	2, 516, 590	2, 302, 634	1, 487, 991	67, 804	134, 630	612, 209	213, 956	8. 80	. 40	. 80	3. 60	1. 25
1956-----	2, 584, 204	2, 387, 003	1, 529, 048	72, 926	150, 142	634, 887	197, 201	8. 90	. 40	. 85	3. 70	1. 15
1957-----	2, 788, 161	2, 577, 082	1, 609, 390	78, 679	172, 170	716, 842	211, 079	9. 20	. 45	1. 00	4. 10	1. 20
1958-----	3, 068, 701	2, 765, 393	1, 647, 376	81, 455	196, 644	839, 918	303, 308	9. 25	. 45	1. 10	4. 70	1. 70
1959-----	3, 200, 768	2, 858, 719	1, 620, 715	83, 553	217, 279	937, 172	342, 049	8. 95	. 45	1. 20	5. 15	1. 90
1960-----	3, 262, 449	2, 942, 928	1, 626, 021	86, 080	236, 402	994, 425	319, 521	8. 85	. 45	1. 30	5. 40	1. 75
1961-----	3, 409, 371	3, 057, 976	1, 568, 987	84, 506	255, 645	1, 148, 838	351, 395	8. 40	. 45	1. 35	6. 15	1. 90
1962-----	3, 510, 456	3, 220, 918	1, 566, 121	83, 856	281, 117	1, 289, 824	289, 538	8. 25	. 45	1. 50	6. 80	1. 50
1963-----	3, 646, 058	3, 368, 626	1, 610, 310	85, 122	317, 656	1, 355, 538	277, 432	8. 35	. 45	1. 65	7. 05	1. 45
1964-----	3, 815, 178	3, 544, 918	1, 606, 561	86, 189	355, 643	1, 496, 525	270, 260	8. 20	. 45	1. 80	7. 65	1. 40
1965-----	3, 992, 964	3, 732, 352	1, 594, 183	77, 308	416, 765	1, 644, 096	260, 612	8. 05	. 40	2. 10	8. 30	1. 30
1966-----	4, 308, 814	4, 051, 937	1, 630, 131	84, 708	487, 212	1, 849, 886	251, 877	8. 15	. 40	2. 45	9. 25	1. 25

¹ Before 1943, excludes Alaska and Hawaii.² Program initiated Oct. 1950 under the 1950 amendments.³ Based on population as of Jan. 1, excluding Armed Forces overseas, estimated by the Bureau of the Census.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 6.—*Aid to families with dependent children: Percent that amount paid for basic needs for a family consisting of father, mother, and 2 children represents of total monthly cost standard for basic needs of such family, by State, January 1967¹*

State	Total monthly cost standard for basic needs ²	Amount paid for basic needs under State program is lowest of—			Percent amount paid represents of cost standards for basic needs
		Maximum on monthly payment ³	Amount paid under reduction formula ⁴	Amount of cost standard for basic needs	
	(1)	(2)	(3)	(4)	(5)
Alabama.....	\$177.00	\$58.00	(4)	-----	32.8
Alaska.....	255.47	110.00	-----	-----	43.1
Arizona.....	232.00	107.00	-----	-----	46.1
Arkansas.....	174.00	80.00	-----	-----	46.0
California.....	220.20	191.00	-----	-----	86.7
Colorado.....	216.00	-----	\$180.90	-----	83.8
Connecticut.....	257.00	-----	-----	\$257.00	100.0
Delaware.....	236.00	187.00	-----	-----	79.2
District of Columbia.....	182.00	-----	-----	182.00	100.0
Florida.....	196.00	55.00	-----	-----	28.1
Georgia.....	187.60	117.00	-----	-----	62.4
Hawaii.....	219.75	-----	-----	219.75	100.0
Idaho.....	211.60	-----	-----	211.60	100.0
Illinois.....	181.12	-----	-----	181.12	100.0
Indiana.....	271.40	103.00	-----	-----	38.0
Iowa.....	192.00	-----	144.00	-----	75.0
Kansas.....	234.00	-----	-----	234.00	100.0
Kentucky.....	190.00	(3)	164.35	-----	86.5
Louisiana.....	161.75	116.00	-----	-----	71.7
Maine.....	254.00	137.00	-----	-----	53.9
Maryland.....	171.50	(3)	-----	171.50	100.0
Massachusetts.....	250.00	-----	-----	250.00	100.0
Michigan.....	223.00	-----	-----	223.00	100.0
Minnesota.....	215.00	-----	-----	215.00	100.0
Mississippi.....	194.09	40.00	(4)	-----	20.6
Missouri.....	225.46	90.00	-----	-----	39.9
Montana.....	219.00	-----	-----	219.00	100.0
Nebraska.....	276.50	115.00	-----	-----	41.6
Nevada.....	262.25	126.85	-----	-----	48.4
New Hampshire.....	204.00	-----	-----	204.00	100.0
New Jersey.....	280.00	-----	183.35	280.00	100.0
New Mexico.....	193.00	(3)	-----	262.15	95.0
New York.....	262.15	-----	-----	147.75	100.0
North Carolina.....	147.75	-----	-----	-----	100.0

North Dakota.....	251.00	-----	-----	-----	-----	-----	-----	-----	-----
Ohio.....	232.00	-----	-----	-----	-----	-----	-----	-----	100.0
Oklahoma.....	163.00	-----	-----	(3)	-----	178.00	-----	251.00	76.7
Oregon.....	203.25	-----	-----	-----	-----	197.56	-----	163.00	100.0
Pennsylvania.....	197.40	-----	-----	-----	-----	28.97	-----	197.40	97.2
Puerto Rico.....	87.78	-----	-----	-----	-----	-----	-----	-----	100.0
Rhode Island.....	225.00	-----	-----	-----	-----	-----	-----	-----	33.0
South Carolina.....	155.80	-----	-----	-----	-----	-----	-----	225.00	100.0
South Dakota.....	248.00	-----	-----	-----	-----	198.40	-----	-----	35.9
Tennessee.....	198.00	-----	-----	-----	-----	-----	-----	-----	80.0
Texas.....	163.95	-----	-----	-----	-----	-----	-----	-----	53.0
Utah.....	185.00	-----	-----	-----	-----	-----	-----	-----	56.7
Vermont.....	209.50	-----	-----	-----	-----	-----	-----	-----	100.0
Virgin Islands.....	122.50	-----	-----	-----	-----	-----	-----	-----	66.8
Virginia.....	195.00	-----	-----	-----	-----	183.00	-----	122.50	100.0
Washington.....	209.35	-----	-----	(3)	-----	-----	-----	209.35	93.8
West Virginia.....	222.60	-----	-----	-----	-----	(4)	-----	-----	100.0
Wisconsin.....	218.15	-----	-----	-----	-----	-----	-----	218.15	74.1
Wyoming.....	240.30	-----	-----	-----	-----	-----	-----	-----	83.2

¹ Includes data for 53 States and other jurisdictions; data not available for Guam.

² The specified type of family is assumed to be living alone in rented quarters and to need amounts for rent and utilities that are at least as large as the maximum amounts allowed by the States for these items. The family is also assumed to have no income other than assistance.

³ Some States had money payment maximums that were higher than the amount of the cost standard for basic needs or the amount paid under a reduc-

tion formula. These States and their applicable maximums were: Kentucky, \$260; Maryland, \$237; New Mexico, \$190; Oklahoma, \$175; Virginia, \$215; and Washington, \$325.

⁴ In Alabama, Mississippi, and West Virginia the applicable amounts under reduction formulas were higher than the money payment maximums for the specified type of family.

⁵ The specified type of family may receive a maximum of \$93 plus 20 per cent of unmet need.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 7.—Detail of public welfare costs of Public Law 90-248

[In millions of dollars]

Item	Fiscal year 1968		Fiscal year 1969	
	Estimate in committee report	Current estimate ¹	Estimate in committee report	Current estimate ²
Public assistance:				
AFDC costs if Public Law 90-248 not enacted.....	1, 462	1, 697. 0	1, 555. 0	1, 974. 3
Title XIX (including all vendor medical payments) if Public Law 90-248 not enacted.....	1, 391	1, 634. 0	1, 913. 0	2, 193. 5
All other public assistance costs if Public Law 90-248 not enacted.....	1, 647	1, 854. 2	1, 700. 0	1, 843. 1
Total.....	4, 500	5, 185. 2	5, 168. 0	6, 010. 9
Increase in the bill:				
Day care.....			35. 0	35. 0
Other social services.....		(1)	35. 0	35. 0
Earnings exemptions.....		5. 0	20. 0	20. 0
Work training.....	30	35. 0	129. 0	100. 0
Foster care.....		(2)	10. 0	10. 0
Emergency assistance.....		2. 3	10. 0	10. 0
Puerto Rico, et al.....		(1)	7. 8	7. 8
Demonstration projects.....		2. 0	2. 0	2. 0
Additional child health requirements in title XIX.....				
OAA, AB, APTD spouses under medicare.....		6. 7	14. 0	14. 0
Medical review program for nursing homes.....			2. 5	2. 5
Subtotal, increases.....	50	156. 0	265. 3	236. 3
Decreases in bill:				
AFDC limitation.....				-126. 2
AFDC reductions for persons trained.....			-11. 0	-11. 0
Restrictions on title XIX.....			-329. 0	-122. 0
Decrease in public assistance due to social security benefit increases.....	-15	-15. 0	-65. 0	-65. 0
Federal participation in cost of care in intermediate care facilities.....			-10. 0	-10. 0
Subtotal, decreases.....	-15	-15. 0	-415. 0	-334. 2
Net cost of changes due to public assistance amendments.....	-35	+41. 0	-149. 7	-97. 0
Total public assistance as amended by bill.....	4, 535	5, 226. 2	5, 018. 3	5, 913. 0

¹ Includes supplemental pending in Congress, or 1969 budget.² 1969 budget request pending in Congress.³ A negligible increase is not distributed by item.

TABLE 8.—Comparison of annual income level, title XIX, with level representing 133½ percent of highest amounts of money payments ordinarily paid as AFDC to families of specified sizes

[Based on data as of April 1968]

State	Current income level (title XIX) ¹		133½ percent of AFDC money payments ²	
	1 person (1)	4 persons (2)	1 person (3)	4 persons (4)
1. States currently operating medical assistance programs under title XIX that include the "medically needy"				
California.....	\$2, 028	\$3, 900	\$1, 900	\$3, 600
Connecticut.....	2, 100	4, 400	2, 300	5, 200
Delaware.....	1, 500	3, 300	1, 300	3, 100
Hawaii.....	1, 440	3, 000	1, 900	3, 400
Illinois.....	1, 800	3, 600	1, 700	4, 200
Iowa.....	1, 600	3, 600	1, 300	4, 000
Kansas.....	1, 620	3, 000	2, 400	4, 200
Kentucky.....	1, 620	3, 420	1, 300	3, 000
Maryland.....	1, 800	3, 120	1, 500	3, 000
Massachusetts.....	2, 160	4, 176	2, 200	4, 700
Michigan.....	1, 900	3, 540	2, 500	4, 300
Minnesota.....	1, 620	3, 036	2, 500	4, 800
Nebraska.....	1, 600	3, 000	1, 800	3, 200
New Hampshire.....	2, 088	4, 056	2, 400	4, 900
New York.....	2, 900	6, 000	2, 200	5, 000
North Dakota.....	1, 600	3, 000	2, 400	4, 400
Oklahoma.....	1, 728	2, 448	³ 1, 700	3, 200
Pennsylvania.....	2, 000	4, 000	1, 600	3, 500
Rhode Island.....	2, 500	4, 300	2, 000	4, 400
Utah.....	1, 200	2, 640	1, 500	3, 000
Washington.....	2, 040	3, 480	2, 800	4, 800
Wisconsin.....	1, 800	3, 700	2, 600	4, 200

See footnotes at end of table, p. 99.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 8.—Comparison of annual income level, title XIX, with level representing 133⅓ percent of highest amounts of money payments ordinarily paid as AFDC to families of specified sizes—Continued

State	Current income level (title XIX) ¹		133⅓ percent of AFDC money payments ²	
	1 person	4 persons	1 person	4 persons
	(1)	(2)	(3)	(4)
2. States currently operating medical assistance programs under title XIX that do not include the "medically needy,"				
Georgia-----			\$700	\$2, 000
Idaho-----			2, 400	3, 900
Louisiana-----			1, 300	2, 200
Maine-----			1, 200	2, 200
Missouri-----			600	1, 900
Montana-----			900	3, 300
Nevada-----			500	2, 000
New Mexico-----			1, 400	3, 000
Ohio-----			1, 600	3, 500
Oregon-----			1, 700	3, 600
South Carolina-----			500	1, 500
South Dakota-----			2, 400	4, 000
Texas-----			900	1, 900
Vermont-----			2, 400	4, 600
West Virginia-----			1, 500	2, 900
Wyoming-----			1, 600	3, 200

3. States not currently operating medical programs under title XIX

Alabama-----	-----	-----	\$700	\$1,500
Alaska-----	-----	-----	800	2,300
Arizona-----	-----	-----	1,000	2,200
Arkansas-----	-----	-----	1,000	1,500
Colorado-----	-----	-----	700	2,900
District of Columbia-----	-----	-----	2,200	4,100
Florida-----	-----	-----	600	1,700
Indiana-----	-----	-----	800	2,400
Mississippi-----	-----	-----	400	900
New Jersey-----	-----	-----	2,300	5,400
North Carolina-----	-----	-----	1,700	2,600
Tennessee-----	-----	-----	800	2,000
Virginia-----	-----	-----	1,700	2,900

¹ Applicable only to "group 1" States.

² Computed amounts not already multiples of \$100 were rounded upward to next \$100.

³ Estimated on basis of current income level.

(EXCLUDES RECIPIENTS RECEIVING ONLY VENDOR PAYMENTS FOR MEDICAL CARE.)



TABLE 10.—*OAA money payment recipients also receiving OASDHI cash benefits, by State, February 1967*

State	OAA money payment recipients also receiving OASDHI cash benefits			
	Number	As percent of—		
		OAA money payment recipients	OASDHI cash beneficiaries aged 65 or over	
Total ¹	1, 096, 000	53. 1		7. 0
Alabama	59, 300	52. 7		26. 8
Alaska	18, 750	52. 9		18. 0
Arizona	6, 400	49. 4		6. 1
Arkansas	31, 900	50. 4		19. 0
California ²	207, 000	72. 3		15. 5
Colorado	23, 500	62. 8		17. 0
Connecticut	3, 600	59. 8		1. 5
Delaware	1, 000	62. 9		2. 9
District of Columbia	1, 940	42. 8		1. 9
Florida	46, 400	58. 9		7. 4
Georgia	40, 300	42. 9		16. 4
Hawaii	2, 880	54. 6		2. 7
Idaho	2, 200	57. 0		3. 9
Illinois	17, 400	43. 7		2. 0
Indiana	10, 000	53. 4		2. 4
Iowa	13, 000	53. 9		2. 4
Kansas	8, 300	47. 3		3. 9
Kentucky	28, 100	47. 2		10. 9
Louisiana	65, 400	52. 7		34. 2
Maine	6, 400	64. 0		6. 5
Maryland	2, 800	37. 0		1. 3
Massachusetts	33, 900	68. 1		6. 7
Michigan ³	20, 700	52. 0		3. 2
Minnesota	14, 400	52. 3		4. 4
Mississippi	35, 600	48. 1		23. 0
Missouri	50, 900	56. 5		11. 7
Montana	2, 300	57. 2		4. 1
Nebraska	5, 200	48. 1		3. 5
Nevada	1, 900	77. 1		9. 6
New Hampshire	2, 500	59. 3		3. 8

See footnotes at end of table, p. 102.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 10.—OAA money payment recipients also receiving OASDHI cash benefits, by State, February 1967—Continued

State	OAA money payment recipients also receiving OASDHI cash benefits		
	Number	As percent of—	
		OAA money payment recipients	OASDHI cash beneficiaries aged 65 or over
New Jersey-----	8,000	58.9	1.4
New Mexico-----	3,300	35.7	7.0
New York ² -----	36,100	53.7	2.3
North Carolina-----	14,300	36.2	4.5
North Dakota-----	2,100	46.2	3.7
Ohio-----	39,600	54.0	4.9
Oklahoma-----	39,600	49.1	18.9
Oregon-----	7,300	65.2	4.0
Pennsylvania-----	21,600	49.2	2.1
Puerto Rico-----	160	.6	.2
Rhode Island-----	2,600	55.4	3.0
South Carolina-----	4,400	19.8	3.2
South Dakota-----	2,800	51.8	4.2
Tennessee-----	15,700	34.1	5.6
Texas ² -----	117,000	50.9	17.2
Utah-----	1,900	40.3	3.3
Vermont-----	2,600	62.5	6.6
Virgin Islands-----	7	1.7	.5
Virginia-----	3,500	31.3	1.3
Washington-----	16,900	62.9	6.5
West Virginia-----	2,900	23.5	1.9
Wisconsin-----	8,800	49.8	2.2
Wyoming-----	1,400	60.7	5.8

¹ Excludes Guam; data not reported.² March data for California; January data for New York City; December data for Texas.³ Estimated.

TABLE 11.—Expenditures from public assistance funds for assistance payments and for State and local administration, services, and training, by source of funds, calendar year 1966

[Includes vendor payments for medical care]

State	Federally aided public assistance programs and general assistance				Federally aided public assistance programs			
	Total (in thousands)	Percentage distribution			Total (in thousands)	Percentage distribution		
		Federal funds	State funds	Local funds		Federal funds	State funds	Local funds
Total	\$7,068,090	55.1	32.0	12.9	\$6,652,052	58.6	30.7	10.8
Alabama	124,737	76.3	23.6	.1	124,710	76.3	23.6	.1
Alaska	5,651	49.2	50.8	-----	4,649	59.8	40.2	-----
Arizona	32,694	70.5	29.2	.2	30,736	75.0	24.8	.2
Arkansas	74,501	76.6	23.4	-----	74,042	77.1	22.9	-----
California	1,438,674	49.2	32.1	18.7	1,416,142	50.0	32.6	17.1
Colorado	103,010	53.5	37.1	9.4	100,197	55.0	37.8	7.2
Connecticut	86,122	46.4	49.9	3.7	79,798	50.1	49.9	-----
Delaware	9,272	58.3	28.0	13.7	8,111	66.6	24.9	8.4
District of Columbia	24,767	58.1	41.9	-----	23,360	61.6	38.4	-----
Florida	122,282	75.1	22.5	2.4	119,378	76.9	23.1	-----
Georgia	125,000	76.5	18.9	4.6	123,979	77.2	19.0	3.8
Guam	390	44.4	55.6	-----	377	45.9	54.1	-----
Hawaii	20,097	48.3	51.7	-----	18,546	52.3	47.7	-----
Idaho	16,692	69.0	29.0	2.0	16,676	69.0	29.0	2.0
Illinois	352,246	49.3	46.6	4.1	307,357	56.5	43.5	-----
Indiana	58,534	59.6	24.1	16.3	58,534	59.6	24.1	16.3
Iowa	72,415	54.7	29.7	15.6	66,962	59.1	32.0	8.9
Kansas	67,195	53.6	23.1	23.3	62,596	57.6	21.1	21.4
Kentucky	104,762	75.5	24.0	.6	104,161	75.9	24.1	-----
Louisiana	202,263	72.7	27.3	-----	197,278	74.5	25.5	-----
Maine	27,537	64.4	26.9	8.7	24,488	72.4	24.2	3.4
Maryland	87,528	53.5	39.4	7.1	78,902	59.3	34.4	6.3
Massachusetts	261,522	47.1	32.1	20.8	250,000	49.3	32.6	18.1
Michigan	244,007	48.5	38.8	12.7	209,326	56.6	38.9	4.6
Minnesota	146,679	54.3	17.7	28.0	132,324	60.2	19.3	20.5
Mississippi	63,793	78.8	20.5	.7	63,547	79.1	20.6	.3
Missouri	164,146	65.1	34.7	.2	155,728	68.6	31.3	.1
Montana	18,590	47.7	15.0	37.3	13,449	65.9	19.7	14.4
Nebraska	34,264	63.7	27.0	9.3	34,127	63.9	27.1	8.9
Nevada	9,634	50.4	27.9	21.6	8,169	59.5	32.9	7.6

See footnote at end of table p. 104.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 11.—Expenditures from public assistance funds for assistance payments and for State and local administration, services, and training by source of funds, calendar year 1966—Continued

[Includes vendor payments for medical care]

State	Federally aided public assistance programs and general assistance			Federally aided public assistance programs				
	Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution			
		Federal funds	State funds		Local funds	Federal funds	State funds	Local funds
New Hampshire.....	\$13, 237	46. 9	31. 5	21. 6	\$12, 317	50. 4	33. 9	15. 7
New Jersey.....	147, 295	43. 8	26. 2	30. 0	129, 771	49. 7	24. 8	25. 4
New Mexico.....	32, 437	69. 9	30. 1	-----	32, 084	70. 6	29. 4	-----
New York.....	965, 754	41. 1	29. 8	29. 1	874, 274	45. 4	27. 6	27. 0
North Carolina.....	110, 668	72. 4	13. 9	13. 7	108, 727	73. 7	14. 2	12. 2
North Dakota.....	20, 203	64. 5	26. 2	9. 4	19, 606	66. 4	26. 9	6. 7
Ohio.....	250, 908	48. 4	47. 1	4. 5	209, 334	58. 0	39. 5	2. 5
Oklahoma.....	195, 725	69. 7	30. 0	. 3	194, 879	70. 0	30. 0	-----
Oregon.....	53, 887	53. 6	34. 7	11. 7	48, 516	59. 6	30. 0	10. 4
Pennsylvania.....	324, 381	52. 3	44. 7	3. 1	295, 042	57. 5	39. 2	3. 4
Puerto Rico.....	45, 624	50. 9	49. 1	-----	45, 367	51. 2	48. 8	-----
Rhode Island.....	37, 821	50. 6	49. 4	(1)	34, 093	56. 1	43. 9	-----
South Carolina.....	35, 591	75. 6	23. 3	1. 1	34, 892	77. 1	22. 2	-----
South Dakota.....	17, 246	63. 0	28. 0	9. 0	15, 794	68. 8	30. 6	. 6
Tennessee.....	86, 362	75. 4	19. 7	4. 9	85, 796	75. 9	19. 8	. 6
Texas.....	261, 142	74. 3	24. 5	1. 2	258, 086	75. 2	24. 8	4. 2
Utah.....	26, 985	66. 2	33. 8	. 1	26, 282	67. 9	32. 0	(1)
Vermont.....	11, 466	67. 3	22. 4	10. 3	11, 098	69. 6	22. 8	7. 7
Virgin Islands.....	1, 248	40. 8	29. 2	-----	1, 106	46. 1	53. 9	-----
Virginia.....	45, 112	68. 5	15. 8	15. 7	42, 356	73. 0	13. 6	13. 4
Washington.....	114, 102	53. 0	47. 0	-----	104, 546	57. 9	42. 1	-----
West Virginia.....	57, 467	74. 1	24. 7	1. 2	56, 128	75. 9	24. 1	-----
Wisconsin.....	107, 018	50. 2	25. 9	23. 9	97, 941	54. 9	27. 8	17. 3
Wyoming.....	7, 404	50. 8	22. 6	26. 5	6, 365	59. 1	15. 9	25. 0

¹ Less than 0.05 percent.

TABLE 12.—*Expenditures for assistance payments: Amount and percentage distribution by program and source of funds, calendar year 1966*¹
 [Includes vendor payments for medical care]

State	Old-age assistance			Aid to the blind			Aid to the permanently and totally disabled			Aid to families with dependent children		
	Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution	
		Federal funds	State funds		Federal funds	State funds		Federal funds	State funds		Federal funds	State funds
Total.....	\$1,907,897	67.5	28.6	3.8	56.7	36.9	6.4	58.3	33.4	8.3	56.3	31.0
Alabama.....	95,505	77.1	22.9	(2)	75.0	25.0	(2)	78.6	21.3	.1	83.2	16.6
Alaska.....	1,512	61.7	38.3	---	67.2	32.8	---	46.2	53.8	---	62.3	37.7
Arizona.....	10,170	77.9	22.1	---	75.9	24.1	---	73.3	26.7	---	77.1	22.9
Arkansas.....	49,753	79.7	20.3	---	73.3	26.7	---	70.1	29.9	---	83.1	16.9
California.....	342,253	49.9	43.0	7.1	43.7	42.5	13.8	46.0	46.4	7.6	344,100	48.2
Colorado.....	47,485	55.8	44.2	---	54.2	25.9	20.0	51.7	28.6	19.8	22,320	57.2
Connecticut.....	5,492	64.1	35.9	---	50.0	50.0	---	61.8	38.2	---	33,043	42.9
Delaware.....	1,365	68.4	31.6	---	58.4	41.6	---	59.1	40.9	---	4,564	70.0
District of Columbia.....	2,322	65.1	34.9	---	64.7	35.3	---	59.6	40.4	---	9,094	66.6
Florida.....	62,405	78.1	21.9	---	75.5	24.5	---	74.9	25.1	---	23,995	83.3
Georgia.....	66,525	80.1	16.7	3.2	77.3	19.3	3.5	76.5	20.1	3.4	24,142	78.6
Guam.....	100	42.7	57.3	---	47.7	52.3	---	42.5	57.5	---	46.4	53.6
Hawaii.....	1,313	66.1	33.9	---	54.5	45.5	---	50.8	49.2	---	53.1	46.9
Idaho.....	3,213	73.2	26.8	---	72.8	27.0	.2	74.0	25.1	.8	4,866	66.1
Illinois.....	29,481	76.4	23.6	---	62.2	37.8	---	59.0	41.0	---	55.1	44.9
Indiana.....	24,012	59.9	24.1	16.0	51.2	48.8	---	35.4	38.8	25.8	19,321	67.2
Iowa.....	29,552	63.8	36.2	---	49.3	25.4	25.4	51.0	24.5	24.5	21,906	55.6
Kansas.....	21,732	65.4	15.1	19.5	59.4	21.0	19.5	49.6	30.9	19.5	19,194	52.3
Kentucky.....	42,281	81.3	18.7	---	67.7	32.3	---	65.5	34.5	---	27,382	77.1
Louisiana.....	120,810	75.3	24.7	---	72.4	27.6	---	76.4	23.6	---	31,144	77.6
Maine.....	9,089	75.9	24.1	---	67.2	32.8	---	65.3	34.7	---	7,090	75.8
Maryland.....	8,593	67.2	20.9	11.9	63.7	36.3	12.4	61.1	26.5	12.5	39,057	61.6
Massachusetts.....	55,247	58.7	29.1	12.1	55.5	44.5	---	35.8	39.2	25.0	64,207	43.4
Michigan.....	39,739	63.2	33.8	3.0	55.2	40.6	4.2	49.0	35.3	15.8	67,823	60.1
Minnesota.....	20,377	74.9	16.8	8.4	79.7	17.6	17.3	68.5	15.9	15.6	29,874	48.1
Mississippi.....	36,070	82.6	17.4	---	79.7	20.3	---	80.2	19.8	---	8,404	83.3
Missouri.....	88,515	68.8	31.2	---	61.0	39.0	---	63.9	36.1	---	33,359	73.5
Montana.....	3,855	72.1	18.0	---	70.9	22.0	---	73.1	11.7	15.2	3,642	63.8
Nebraska.....	8,734	71.7	21.6	6.7	57.8	35.5	6.7	56.6	36.5	6.9	7,031	70.9
Nevada.....	2,372	65.2	34.8	---	46.6	53.4	---	---	---	---	2,234	67.2

See footnotes at end of table, p. 108.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 12.—Expenditures for assistance payments: Amount and percentage distribution by program and source of funds, calendar year 1966¹—Continued

[Includes vendor payments for medical care]

State	Old-age assistance			Aid to the blind			Aid to the permanently and totally disabled			Aid to families with dependent children		
	Total (in thousands)	Percentage distribution			Total (in thousands)	Percentage distribution			Total (in thousands)	Percentage distribution		
		Federal funds	State funds	Local funds		Federal funds	State funds	Local funds		Federal funds	State funds	Local funds
New Hampshire.....	\$5,876	51.6	21.4	27.0	\$352	42.7	57.3	---	11,324	41.6	23.4	35.0
New Jersey.....	13,615	66.6	25.1	8.4	1,003	54.0	23.0	23.0	4,758	47.4	26.3	26.3
New Mexico.....	9,411	77.1	22.9	---	384	67.9	32.1	---	4,758	66.0	34.0	---
New York.....	62,274	62.7	18.9	18.4	3,888	50.2	25.1	24.8	44,628	49.3	26.3	24.4
North Carolina.....	32,628	78.0	12.4	9.6	4,128	74.5	12.8	12.8	22,568	69.2	15.4	15.4
North Dakota.....	3,975	72.7	24.6	2.8	76	62.1	37.9	---	1,469	65.2	30.6	4.2
Ohio.....	79,182	56.0	42.7	1.3	3,051	55.5	43.1	1.4	19,342	55.0	43.6	1.4
Oklahoma.....	73,894	73.9	26.1	---	1,994	53.6	46.4	---	18,833	59.4	40.6	---
Oregon.....	10,478	67.4	22.8	9.8	1,602	51.0	34.3	14.7	7,253	61.9	26.6	11.4
Pennsylvania.....	37,196	67.3	32.7	---	4,123	47.0	53.0	---	18,395	62.0	38.0	---
Puerto Rico.....	2,777	47.1	52.9	---	131	46.7	53.3	---	2,029	46.7	53.3	---
Rhode Island.....	4,878	62.6	37.4	---	113	60.5	39.5	---	3,095	61.5	38.5	---
South Carolina.....	16,262	80.8	19.2	---	1,473	75.6	24.4	---	6,332	77.0	23.0	---
South Dakota.....	6,642	71.7	28.3	---	1,000	72.0	28.0	---	1,180	67.5	32.5	---
Tennessee.....	34,931	79.0	16.8	4.2	1,498	75.8	19.4	4.8	11,258	75.9	19.3	4.8
Texas.....	204,044	76.0	24.0	---	3,761	73.9	26.1	---	8,294	74.9	25.1	---
Utah.....	3,390	76.1	23.9	---	130	71.8	28.2	---	3,364	71.5	28.5	---
Vermont.....	4,577	70.2	23.1	6.8	99	73.7	24.5	1.7	1,222	71.8	24.3	3.9
Virgin Islands.....	209	42.6	57.4	---	4	44.5	55.5	---	23	40.5	59.5	---
Virginia.....	11,090	77.5	14.0	8.5	1,022	73.4	16.7	10.0	6,224	73.5	16.4	10.1
Washington.....	24,484	67.3	32.7	---	595	60.8	39.2	---	10,720	69.2	30.8	---
West Virginia.....	8,000	80.9	19.1	---	467	78.2	21.8	---	3,429	79.0	21.0	---
Wisconsin.....	25,767	54.8	28.6	16.6	741	55.0	23.7	21.3	6,135	47.9	24.4	27.8
Wyoming.....	2,445	64.1	12.1	23.8	59	52.3	37.5	10.2	6,764	58.1	14.0	27.8

State	Medical assistance ^a			Medical assistance for the aged ^a			General assistance	
	Total (in thousands)	Percentage distribution			Total (in thousands)	Percentage distribution		Total (in thousands)
		Federal funds	State funds	Local funds		Federal funds	State funds	
Total.....	\$1, 193, 768	49.5	33.0	17.5	\$295, 135	52.2	33.9	13.8
Alabama.....					614	78.0	22.0	
Alaska ³						60.7	39.3	12
Arizona.....					3	79.0	21.0	990
Arkansas ³					1, 802	50.0	21.9	1, 578
California.....	419, 538	50.0	27.4	22.6	22, 230	48.0	51.2	7, 428
Colorado.....					14, 375	49.8	51.0	17, 427
Connecticut.....					9, 398	50.0	50.0	2, 448
Delaware.....	15, 588	49.8	50.2		191	50.0	50.0	6, 324
District of Columbia.....	37	60.9	39.1		3, 304	50.0	50.0	940
Florida ³					2, 715	62.4	37.6	862
Georgia ³								2, 904
Guam.....					22	50.0	50.0	955
Hawaii ³	6, 532	948.2	51.8			50.0		13
Idaho.....	2, 656	70.7	24.6	4.7	2, 418	68.2	24.6	1, 171
Illinois ³	83, 312	949.9	50.1					10 6
Indiana.....					2, 803	50.1	30.0	732, 350
Iowa.....					5, 829	56.9	43.1	(1)
Kansas ³					6, 781	54.9	22.6	10 4, 717
Kentucky ³	10, 087	80.9	19.1		2, 720	73.6	26.4	4, 049
Louisiana.....	12, 860	76.4	23.6		646	74.2	25.8	601
Maine ³	2, 855	69.6	30.4		802	66.1	33.9	4, 275
Maryland ³	10, 859	446.1	46.1		3, 848	50.0	50.0	72, 913
Massachusetts.....	34, 779	50.0	33.4	7.9	48, 569	49.2	33.8	7, 849
Michigan.....	19, 530	50.3	49.7	16.6	44, 071	50.0	40.0	9, 406
Minnesota.....	67, 159	60.5	20.0	19.6				726, 115
Mississippi.....								12, 052
Missouri.....					2, 974	59.8	20.7	246
Montana.....					3, 681	52.4	32.9	8, 077
Nebraska ³	7, 828	61.8	18.2	20.0	2, 252	47.3	25.1	4, 924
Nevada.....								(1)
New Hampshire.....					1, 148	54.9	45.1	1, 465
New Jersey.....					19, 265	49.8	30.1	920
New Mexico ³	670	70.7	29.3		233	68.4	31.6	14, 388
New York.....	237, 162	934.6	32.7	32.7	48, 855	49.8	25.1	100, 0
North Carolina.....					3, 459	73.3	13.4	67, 502
North Dakota ³								1, 829
Ohio.....	7, 863	66.7	28.5	4.8				2, 545
Oklahoma ³	12, 900	52.3	47.7					36, 175
Oregon.....	57, 802	70.3	29.7					846
Pennsylvania.....	96, 620	946.4	43.7	9.9	4, 890	50.0	35.0	4, 139
								24, 826

See footnotes at end of table, p. 108.

DATA ON PUBLIC ASSISTANCE PROGRAMS—Continued

TABLE 12.—Expenditures for assistance payments: Amount and percentage distribution by program and source of funds, calendar year 1966¹—Continued

State	Medical assistance ^a			Medical assistance for the aged ^a			General assistance		
	Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution		Total (in thousands)	Percentage distribution	
		Federal funds	State funds		Local funds	Federal funds		State funds	Local funds
Puerto Rico ³	\$24, 169	55. 0	45. 0	---	---	---	\$191	100. 0	---
Rhode Island	4, 612	56. 1	43. 9	\$5, 707	50. 3	49. 7	3, 132	100. 0	(2)
South Carolina	---	---	---	1, 938	79. 3	20. 7	79, 578	71. 6	28. 4
South Dakota	---	---	---	1, 408	67. 2	32. 8	1, 452	---	100. 0
Tennessee	---	---	---	4, 265	74. 1	20. 7	5, 566	---	100. 0
Texas	---	---	---	---	---	---	8 3, 055	---	100. 0
Utah	4, 133	66. 1	33. 9	1, 756	61. 9	38. 1	558	100. 0	---
Vermont	2, 066	68. 4	15. 3	208	62. 7	37. 3	8 368	10. 0	90. 0
Virgin Islands	276	55. 0	45. 0	13	46. 3	53. 7	94	100. 0	---
Virginia	---	---	---	2, 693	64. 2	21. 5	2, 204	46. 0	54. 0
Washington	20, 526	47. 0	53. 0	9, 107	50. 0	50. 0	78, 186	100. 0	---
West Virginia	4, 572	74. 3	25. 7	1, 989	70. 9	29. 1	71, 167	39. 8	60. 2
Wisconsin	26, 778	57. 6	25. 2	5, 857	52. 5	47. 5	7, 544	6. 2	93. 8
Wyoming	---	---	---	299	50. 0	50. 0	829	76. 3	23. 7

1 Not comparable with amount of Federal grants to the States.

² Less than 0.05 percent.

^a Data for all or part of period were included in a total reported for the aged, blind, and disabled under provisions of title XVI. For purposes of this release these data are distributed to CAA, AB, and APTD on an estimated basis.

⁴ Excludes State blind persons

* Excludes State blind pension program administered under Federal participation.

- Program initiated January 1966 under Public Law 89-97.
- Program initiated on October 1960 under the Social Security Amendments of 1960.

⁷ Includes expenditures for medical care program administered by public assistance agency and financed from funds other than those for the federally aided public assistance programs and general assistance.

^a Estimated.

Percentage is less than the Federal medical assistance percentage, because total vendor medical payments include payments for persons not eligible for Federal funds.

¹⁰ Incomplete.

¹⁰ Incomplete.

¹¹ Data not available.

CHILD WELFARE SERVICES AMENDMENTS

Item	Prior law	Public Law 90-248
<p>I. Inclusion of child welfare services in title IV.</p>	<p>Authorizes under pt. 3 of title V of the Social Security Act, \$55,000,000 for fiscal year 1968, \$55,000,000 for fiscal year 1969, and \$60,000,000 for fiscal year 1970 and later years for formula grants to the States to support the provision of child welfare services. Also authorizes such sums as Congress may appropriate to support research, training, and demonstration projects in the child welfare field. "Child welfare services" are defined as public social services which supplement, or substitute for, parental care and supervision for the purpose of (1) preventing or remedying, or assisting in the solution of problems which may result in the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day-care or other child-care facilities.</p> <p>Includes standards for day care furnished through child welfare program as follows:</p> <p>State must provide—</p> <ol style="list-style-type: none"> (1) for cooperative arrangements with State public health agency and public education agency to assure maximum utilization of the services of such agencies for children receiving day care; (2) for an advisory committee to advise State welfare agency on policies in providing day care; (3) for necessary safeguards to protect interest of child and mother, and for payment for day care services based on ability of family to pay; (4) for giving priority to low-income groups; and (5) that day care will be provided only in licensed or approved facilities and homes. 	<p>Moves provisions to new pt. B of title IV of the Social Security Act and authorizes \$100,000,000 for fiscal year 1969, and \$110,000,000 for fiscal year 1970 and later years for formula grants to the States. Modifies research training, and demonstration projects provisions, to make possible dissemination of research and demonstration findings into program activity through multiple demonstrations on a regional basis and to encourage State and local agencies administering public child welfare services programs to develop and staff new and innovative services and to provide contract authority to make it possible to direct research into neglected and vital areas.</p> <p>Extends same standards to day care provided under AFDC program. Requires that a plan for day-care services provide for more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child.</p>

DATA ON CHILD WELFARE SERVICES—Continued

TABLE 1.—Children served by public and voluntary child welfare agencies and institutions: Number and percentage distribution by living arrangement, Mar. 31, 1966

Living arrangement	Children served ¹					
	Total		Primarily by public agencies		Primarily by voluntary agencies	
	Number	Percentage distribution	Number	Percentage distribution	Number	Percentage distribution
U.S. estimated total.....	741, 400	100	519, 400	100	222, 000	100
In homes of parents or relatives or in independent living arrangements.....	327, 600	44	270, 200	53	57, 400	26
In adoptive homes.....	71, 600	10	36, 000	7	35, 600	16
In foster family homes.....	218, 100	30	171, 500	34	46, 600	21
In group homes.....	1, 800	(²)	171, 900	(²)	900	(²)
In institutions ³	105, 000	14	27, 400	5	77, 600	35
In temporary shelters.....	3, 500	1	1, 900	(²)	1, 600	1
Elsewhere.....	8, 000	1	5, 900	1	2, 100	1
Living arrangements not reported ⁴	5, 800	—	5, 600	—	200	—

³ Includes both groups of institutions shown in table 2.

⁴ These are children for whom an agency makes a payment only or exercises legal custody only.

¹ A child is counted only once in this table, according to his living arrangements on Mar. 31 and the auspices of the agency responsible for primary service.

² Less than 0.5 percent.

TABLE 2.—Expenditures of State and local public welfare agencies for child welfare services: Amount and percentage distribution by purpose of expenditure, by State, fiscal year ended June 30, 1966¹

State	Amount						Percentage distribution				
	Total	Foster care payments	Provision of day care ²	Personnel	Educational leave	Other	Foster care payments	Provi- sion of day care	Person- nel	Educa- tional leave	Other
U.S. estimated total	\$396, 200, 000	\$252, 300, 000	\$12, 100, 000	\$108, 900, 000	\$3, 500, 000	\$19, 400, 000	63. 7	3. 0	27. 5	0. 9	4. 9
Alabama	2, 707, 297	1, 165, 267	141, 216	1, 171, 352	26, 850	202, 612	43. 0	5. 2	43. 3	1. 0	7. 5
Alaska	859, 531	683, 800	2, 990	161, 093	4, 690	6, 958	79. 6	. 4	18. 7	. 5	. 8
Arizona	1, 972, 938	1, 118, 536	74, 296	722, 812	9, 687	47, 607	56. 7	3. 8	36. 9	. 5	2. 4
Arkansas ³	1, 173, 054	570, 249	89, 407	432, 977	38, 625	41, 796	48. 6	7. 6	36. 9	3. 3	3. 6
California	41, 710, 714	425, 255, 129	316, 773	13, 524, 550	76, 959	2, 537, 303	60. 5	. 8	32. 4	. 2	6. 1
Colorado	3, 957, 915	2, 483, 050	25, 923	1, 255, 212	46, 242	147, 488	62. 7	. 7	31. 7	1. 2	3. 7
Connecticut	10, 105, 384	8, 444, 562	-----	1, 436, 006	4, 208	220, 608	83. 6	-----	14. 2	(⁶)	2. 2
Delaware	1, 081, 170	615, 251	7, 335	382, 013	12, 016	64, 555	56. 9	. 7	35. 3	1. 1	6. 0
District of Columbia	4, 499, 713	2, 441, 630	122, 118	1, 735, 290	-----	200, 675	54. 3	2. 7	38. 6	-----	4. 4
Florida	4, 408, 055	42, 436, 967	199, 837	1, 419, 033	21, 000	331, 218	55. 3	4. 5	32. 2	. 5	7. 5
Georgia	4, 960, 071	2, 354, 546	1, 751	2, 108, 055	74, 007	421, 712	47. 5	(⁶)	42. 5	1. 5	8. 5
Guam	181, 100	28, 474	-----	27, 838	10, 400	114, 388	15. 7	-----	15. 4	5. 7	63. 2
Hawaii	1, 163, 696	454, 245	4, 681	528, 499	7, 526	68, 745	47. 6	. 4	45. 4	. 7	5. 9
Idaho	537, 327	191, 498	-----	303, 585	11, 169	31, 075	35. 6	-----	56. 5	2. 1	5. 8
Illinois	15, 042, 522	8, 018, 201	303, 747	5, 040, 591	289, 118	1, 390, 865	53. 3	2. 0	33. 5	1. 9	9. 3
Indiana	7, 599, 014	5, 298, 134	33, 008	2, 105, 150	24, 954	137, 768	69. 7	. 5	27. 7	. 3	1. 8
Iowa	2, 103, 337	1, 024, 027	109, 873	922, 872	17, 200	29, 365	48. 7	5. 2	43. 9	. 8	1. 4
Kansas	2, 436, 718	1, 223, 579	56, 205	996, 687	7, 114	153, 133	50. 2	2. 3	40. 9	. 3	6. 3
Kentucky	3, 687, 344	1, 213, 172	85, 257	1, 828, 470	68, 067	492, 378	32. 9	2. 3	49. 6	1. 8	13. 4
Louisiana	6, 338, 815	44, 058, 367	236, 485	1, 640, 589	76, 971	326, 403	64. 0	3. 7	25. 9	1. 2	5. 2
Maine	2, 980, 658	2, 043, 756	-----	726, 748	54, 064	156, 090	68. 6	-----	24. 4	1. 8	5. 2
Maryland	12, 435, 022	7, 284, 366	85, 286	4, 376, 356	52, 089	636, 925	58. 6	. 7	35. 2	. 4	5. 1
Massachusetts	11, 530, 504	8, 213, 226	-----	2, 529, 696	182, 836	604, 746	71. 2	-----	21. 9	1. 6	5. 3
Michigan	4, 687, 082	41, 604, 268	428, 882	2, 222, 396	36, 279	395, 257	34. 2	9. 2	47. 4	. 8	8. 4
Minnesota	12, 039, 493	6, 835, 904	91, 438	3, 919, 339	136, 672	1, 056, 140	56. 8	. 8	32. 5	1. 1	8. 8

See footnotes at end of table, p. 112

DATA ON CHILD WELFARE SERVICES—Continued

TABLE 2.—Expenditures of State and local public welfare agencies for child welfare services: Amount and percentage distribution by purpose of expenditure, by State, fiscal year ended June 30 1966¹—Continued

State	Amount					Percentage distribution					
	Total	Foster care payments	Provision of day care ²	Personnel	Educational leave	Other	Foster care payments	Provi- sion of day care	Person- nel	Educa- tional leave	Other
Mississippi-----	\$1,819,501	⁴ \$461,597	\$66,131	\$938,041	\$84,195	\$269,537	25.4	3.6	51.6	4.6	14.8
Missouri-----	3,755,321	1,571,695	138,080	1,707,720	129,705	208,121	41.8	3.7	45.5	3.5	5.5
Montana-----	843,151	384,313	-----	351,816	29,015	78,007	45.6	-----	41.7	3.4	9.3
Nebraska-----	646,525	258,046	31,875	320,247	11,315	25,042	39.9	4.9	49.5	1.8	3.9
New Hampshire-----	1,282,328	⁶ 825,609	-----	367,571	2,219	86,929	64.4	-----	28.6	.2	6.8
New Jersey-----	11,175,372	7,452,562	88,971	3,281,463	54,598	297,778	66.7	.8	29.3	.5	2.7
New Mexico-----	1,466,675	758,906	37,125	494,248	6,719	169,677	51.7	2.5	33.7	.5	11.6
New York-----	103,163,928	79,626,903	7,419,917	12,707,891	506,824	2,902,393	77.2	7.2	12.3	.5	2.8
North Dakota-----	1,478,103	655,128	3,868	673,749	19,185	126,173	44.3	.3	45.6	1.3	8.5
Ohio-----	20,363,789	⁴ 11,870,052	531,533	6,550,464	231,379	1,180,361	58.3	2.6	32.2	1.1	5.8
Oklahoma-----	2,204,657	587,358	66,149	1,234,465	72,431	244,254	26.6	3.0	56.0	3.3	11.1
Oregon-----	4,695,852	2,974,647	779	1,334,666	56,695	329,065	63.4	(⁶)	28.4	1.2	7.0
Pennsylvania-----	26,705,210	19,843,602	736,013	5,149,989	306,716	668,890	74.3	2.8	19.3	1.1	2.5
Puerto Rico-----	2,290,915	⁴ 703,578	110,337	1,337,906	39,047	100,047	30.7	4.8	58.4	1.7	4.4
Rhode Island-----	1,586,261	862,173	5,916	638,830	11,505	67,837	54.3	.4	40.3	.7	4.3
South Carolina-----	1,436,384	⁴ 736,300	-----	653,728	-----	46,356	51.3	-----	45.5	-----	3.2
South Dakota-----	1,287,900	⁴ 758,600	3,200	408,400	26,300	91,400	58.9	.3	31.7	2.0	7.1
Tennessee-----	2,989,513	882,523	20,250	1,740,924	62,552	283,264	29.5	.7	58.2	2.1	9.5
Texas-----	4,320,761	⁶ 1,229,692	20,768	2,547,369	82,370	460,562	28.5	(⁶)	58.9	1.9	10.7
Utah-----	1,270,539	⁴ 614,178	80,069	560,818	15,293	54,181	48.3	6.3	39.9	1.2	4.3
Vermont-----	1,368,649	⁴ 873,586	-----	393,794	9,752	91,517	63.8	-----	28.8	.7	6.7
Virgin Islands-----	300,616	90,644	16,375	144,998	4,000	44,599	30.2	5.5	48.2	1.3	14.8
Virginia-----	7,934,995	4,419,683	37,245	3,025,252	15,000	437,815	55.7	.5	38.1	.2	5.5
Washington-----	7,861,838	4,536,108	33,540	2,882,681	65,097	344,412	57.7	.4	36.7	.8	4.4
West Virginia-----	3,409,115	1,942,162	846	1,241,668	34,388	190,051	57.0	(⁶)	36.4	1.0	5.6
Wisconsin-----	14,135,800	⁴ 8,623,500	80,200	4,456,500	268,700	706,900	61.0	.6	31.5	1.9	5.0
Wyoming-----	462,411	200,226	637	235,295	16,258	9,995	43.3	.1	50.9	3.5	2.2

¹ Includes expenditures for day care services. State data not shown for Nevada and North Carolina, which submitted incomplete reports. Estimated expenditures for these States have been included in the U.S. estimates.

² "Provision of day care" covers expenditures for the establishment and operation of day care centers, and payments for family or group day care. Additional day care funds are also included in the amounts listed under "Personnel," "Educational leave," and "Other."

³ Partly estimated.

⁴ This amount is not comparable with that of the previous year because of a change in reporting procedure.

⁵ Less than 0.05 percent.

⁶ Includes contributions and payments from relatives, private organizations, and other sources.

TABLE 3.—Expenditures of State and local public welfare agencies for child welfare services: Total and per capita expenditures, by source of funds, by State, fiscal year ended June 30, 1966¹

State	Federal, State, and local funds		State and local funds only	
	Total	Per capita ²	Total	Per capita ²
U.S. estimated total-----	\$396, 200, 000	\$4. 87	\$356, 500, 000	\$4. 38
Alabama-----	2, 707, 297	1. 77	1, 753, 927	1. 15
Alaska-----	859, 531	6. 61	743, 010	5. 72
Arizona-----	1, 972, 938	2. 72	1, 544, 037	2. 13
Arkansas-----	1, 173, 054	1. 43	592, 143	. 72
California-----	41, 710, 714	5. 52	39, 087, 498	5. 17
Colorado-----	3, 957, 915	4. 76	3, 547, 901	4. 27
Connecticut-----	10, 105, 384	8. 97	9, 729, 047	8. 63
Delaware-----	1, 081, 170	4. 96	951, 297	4. 36
District of Columbia-----	4, 499, 713	14. 85	4, 335, 569	14. 31
Florida-----	4, 408, 055	1. 92	3, 199, 063	1. 39
Georgia-----	4, 960, 071	2. 57	3, 935, 263	2. 04
Guam-----	181, 100	4. 32	89, 426	2. 13
Hawaii-----	1, 163, 696	3. 65	950, 689	2. 98
Idaho-----	537, 327	1. 76	319, 071	1. 05
Illinois-----	15, 042, 522	3. 52	13, 302, 896	3. 11
Indiana-----	7, 599, 014	3. 70	6, 725, 780	3. 27
Iowa-----	2, 103, 337	1. 88	1, 457, 877	1. 30
Kansas-----	2, 436, 718	2. 69	1, 979, 452	2. 19
Kentucky-----	3, 687, 344	2. 76	2, 841, 048	2. 13
Louisiana-----	6, 338, 815	3. 87	5, 305, 852	3. 24
Maine-----	2, 980, 658	7. 38	2, 730, 237	6. 76
Maryland-----	12, 435, 022	8. 20	11, 856, 566	7. 82
Massachusetts-----	11, 530, 504	5. 52	10, 670, 707	5. 11
Michigan-----	4, 687, 082	1. 30	2, 977, 036	. 83
Minnesota-----	12, 039, 493	7. 86	11, 239, 182	7. 34

See footnotes at end of table, p. 114.

DATA ON CHILD WELFARE SERVICES—Continued

TABLE 3.—Expenditures of State and local public welfare agencies for child welfare services: Total and per capita expenditures, by source of funds, by State, fiscal year ended June 30, 1966 ¹—Continued

State	Federal, State, and local funds		State and local funds only	
	Total	Per capita ²	Total	Per capita ²
Mississippi.....	\$1,819,501	\$1.70	\$1,064,849	\$0.99
Missouri.....	3,755,321	2.14	2,905,539	1.65
Montana.....	843,151	2.76	642,363	2.11
Nebraska.....	646,525	1.08	313,049	.53
New Hampshire.....	1,282,328	4.71	1,107,858	4.07
New Jersey.....	11,175,372	4.21	10,137,933	3.82
New Mexico.....	1,466,675	2.93	1,132,556	2.27
New York.....	103,163,928	15.08	100,760,877	14.73
North Dakota.....	1,478,103	5.19	1,268,468	4.45
Ohio.....	20,363,789	4.77	18,400,678	4.31
Oklahoma.....	2,204,657	2.29	1,601,753	1.67
Oregon.....	4,695,852	6.06	4,424,068	5.71
Pennsylvania.....	26,703,210	6.00	24,768,235	5.56
Puerto Rico.....	2,290,915	1.68	1,407,210	1.03
Rhode Island.....	1,586,261	4.64	1,362,160	3.98
South Carolina.....	1,436,384	1.23	707,909	.61
South Dakota.....	1,287,900	4.32	1,037,200	3.48
Tennessee.....	2,989,513	1.88	1,982,527	1.25
Texas.....	4,320,761	.94	2,346,792	.51
Utah.....	1,270,539	2.65	952,717	1.98
Vermont.....	1,368,649	8.10	1,228,655	7.27
Virgin Islands.....	300,616	12.53	229,650	9.57
Virginia.....	7,934,995	4.26	7,022,940	3.77
Washington.....	7,861,838	6.51	7,332,156	6.06
West Virginia.....	3,409,115	4.63	3,098,366	4.21
Wisconsin.....	14,135,800	8.06	13,302,200	7.58
Wyoming.....	462,411	3.26	328,487	2.31

¹ Includes expenditures for day care services. For scope and limitations of data, see table 31.² Per capita expenditures based on child population under 21 years of age.

CHILD HEALTH AMENDMENTS

Item	Prior law	Public Law 90-248
<p>I. Consolidation of separate programs-----</p>	<p>Provides 2 formula grant programs, 1 for maternal and child health services and another for crippled children's services. Funds authorized at \$55,000,000 for fiscal year 1968 and 1969 and \$60,000,000 for fiscal year 1970 and later years for each program are allocated to the States based, in part, on the proportionate share of live births of each State in the case of maternal and child health services, and the proportionate share of numbers of crippled children in the case of the crippled children's program. Also authorizes \$10,000,000 for fiscal year 1968 and \$17,500,000 for each later year for grants by the Secretary for training of professional personnel for health and care of crippled children (particularly mentally retarded children and children with multiple handicaps). Authorizes \$30,000,000 for 1968 for special project grants for maternity and infant care. Authorizes \$40,000,000 for fiscal year 1968, \$45,000,000 for fiscal year 1969, and \$50,000,000 for fiscal year 1970, for grants to State and local health agencies to promote health of school and preschool children. Authorizes not more than \$8,000,000 each year for research projects in the field of maternal and child health and crippled children's services.</p>	<p>Present provisions are repealed. Provides new title V of the act (without child welfare provisions, which are moved to title IV under another provision, discussed above). New title provides for the following: Authorizes \$250,000,000 for fiscal year 1969, \$275,000,000 for fiscal year 1970, \$300,000,000 for fiscal year 1971, \$325,000,000 for fiscal year 1972 and \$350,000,000 for fiscal year 1973 and later years. Fifty percent of the appropriation for fiscal years 1969 through 1972 shall be for allotments to the States for maternal and child health and crippled children's services. Forty percent shall be grants for special project grants for maternity and infant care, special project grants for health of school and preschool children, and special project grants for dental health of children. Ten percent for each such year shall be for grants for training of professional health personnel and for research projects related to maternal and child health services and crippled children's services. One-half of 1 percent of the total appropriation can be used by the Secretary for evaluation (directly or through contracts or grants) of the programs. Effective with fiscal year 1973 and for later years 90 percent of the appropriation shall be for maternal and child health services and crippled children's services, and 10 percent shall be for grants and contracts for training of professional health personnel and research in the fields of maternal and child health services and crippled children's services. The Secretary is authorized to transfer up to 5 percent of the appropriation for any year from one purpose to another purpose or purposes. The proportion of funds for family planning services shall not be less than 6 percent in any year.</p>

DATA ON CHILD HEALTH

TABLE 1.—*Mothers and children receiving selected direct maternal and child health services, by type of service, fiscal year 1967*

State or other area	Selected maternity services			Selected child health services		
	Medical clinic services		Number service (number of mothers)	Well child conference service		Nursing service (number of infants and other children)
	Number of mothers	Rate per 1,000 live births ¹		Number of infants	Number of other children	
Total.....	366,373	132	480,479	603,661	1,028,455	2,930,497
United States ²	222,366	81	435,797	562,203	923,440	2,764,112
Alabama.....	22,333	325	14,795	9,530	49,642	47,189
Alaska.....	—	—	1,559	—	—	6,450
Arizona.....	5,216	157	6,463	5,889	6,289	19,456
Arkansas.....	2,095	59	3,150	2,426	2,812	27,360
California.....	23,436	68	32,632	89,754	71,116	152,322
Colorado ³	975	28	2,245	2,251	7,071	25,128
Connecticut.....	—	—	100	394	1,783	489
Delaware.....	1,227	117	2,074	2,440	3,699	4,223
District of Columbia.....	7,923	455	4,686	13,310	27,688	—
Florida.....	16,631	158	25,505	20,167	29,218	193,435
Georgia.....	16,861	184	32,224	34,237	54,204	88,360
Guam.....	1,583	598	1,583	1,668	3,953	5,966
Hawaii.....	484	31	3,002	3,199	8,984	20,337
Idaho.....	—	—	2,330	1,546	5,001	28,923
Illinois ³	76	(⁴)	6,336	3,352	4,048	38,309
Indiana.....	5,993	62	5,490	3,075	8,485	25,872
Iowa.....	657	13	960	1,582	2,990	11,924
Kansas.....	—	—	2,035	966	2,258	32,327
Kentucky.....	7,731	129	12,564	4,982	24,853	46,009
Louisiana.....	5,223	66	8,543	11,428	8,159	86,497
Maine.....	—	—	606	3,676	8,159	5,208
Maryland.....	14,996	208	10,016	10,397	50,869	118,808
Massachusetts.....	—	—	7,561	19,243	40,041	106,864
Michigan.....	1,200	7	12,952	11,501	18,818	111,437
Minnesota.....	977	14	3,886	4,361	8,071	34,281
Mississippi.....	8,444	166	16,381	4,371	9,179	98,711
Missouri.....	6,320	79	11,406	37,265	46,737	48,834
Montana.....	—	—	1,395	697	2,334	42,375
Nebraska.....	—	—	674	719	1,776	11,373
Nevada.....	324	34	694	914	678	2,999

		(¹)	106	260	676	391
New Hampshire	95			64, 994	126, 390	
New Jersey	1, 017	44	1, 843	3, 106	5, 930	
New Mexico	5, 283	16	45, 143	23, 019	30, 321	74, 453
New York	17, 659	188	21, 812	12, 833	16, 546	112, 244
North Carolina						
North Dakota			307			7, 520
Ohio	1, 140	6	13, 287	25, 109	49, 481	141, 891
Oklahoma	471	11	2, 358	1, 442	1, 745	20, 147
Oregon			1, 474	1, 079	2, 063	16, 862
Pennsylvania	5, 365	27	8, 100	36, 652	80, 627	92, 093
Puerto Rico	141, 044	1, 916	41, 531	37, 845	99, 627	155, 829
Rhode Island			9, 087	1, 594	2, 973	14, 633
South Carolina	6, 938	133	32, 737	4, 088	5, 108	441, 268
South Dakota			166	62	311	5, 166
Tennessee	372	5	6, 862	3, 620	6, 283	64, 885
Texas	13, 303	63	17, 891	23, 827	19, 681	82, 534
Utah	444	20	1, 579	2, 080	3, 561	33, 388
Vermont			335	256	2, 202	6, 990
Virgin Islands	1, 380	706	1, 658	1, 945	1, 435	4, 590
Virginia	18, 411	213	11, 031	27, 794	13, 641	27, 646
Washington						
West Virginia	1, 657	32	12, 901	14, 829	35, 478	37, 516
Wisconsin	1, 089	35	3, 196	2, 501	6, 027	31, 844
Wyoming			12, 921	9, 386	9, 319	113, 290
			307		115	3, 851

¹ Live birth data are 1966 for areas other than United States; and the rate for all jurisdictions and United States excludes New York State, Colorado, and Illinois because of incomplete reporting.

² United States (50 States and District of Columbia).

³ Copied from "Welfare in Review Statistical Supplement," 1966 edition.

⁴ Less than 1 per thousand.

TABLE 2.—Federal grants-in-aid to States for maternal and child health and crippled children's services, fiscal year ended June 30, 1967

[Checks-issued basis]

State	Grants for maternal and child health services ¹	Grants for crippled children's services ²	State	Grants for maternal and child health services ¹	Grants for crippled children's services ²
United States	\$47,652,429	\$46,664,174	Montana	\$192,718	\$307,379
Alabama	1,338,787	1,163,477	Nebraska	239,500	368,895
Alaska	191,761	1,158,169	Nevada	230,000	233,000
Arizona	570,456	360,227	New Hampshire	205,202	202,576
Arkansas	719,500	691,739	New Jersey	748,827	501,772
California	3,154,879	2,953,647	New Mexico	551,804	349,037
Colorado	756,268	516,125	New York	2,174,952	2,216,058
Connecticut	658,680	460,866	North Carolina	1,874,402	1,739,747
Delaware	169,534	227,230	North Dakota	262,091	230,173
District of Columbia	418,356	735,856	Ohio	2,113,148	1,625,784
Florida	1,710,473	1,290,325	Oklahoma	573,015	650,142
Georgia	1,617,493	1,343,713	Oregon	481,152	457,674
Guam	101,399	67,348	Pennsylvania	2,167,714	2,622,432
Hawaii	246,388	378,024	Puerto Rico	1,504,461	1,212,059
Idaho	198,873	350,554	Rhode Island	615,735	264,650
Illinois	1,174,071	1,544,893	South Carolina	1,035,633	991,153
Indiana	735,000	610,959	South Dakota	99,161	140,966
Iowa	481,830	1,147,096	Tennessee	1,189,451	1,333,505
Kansas	398,463	679,190	Texas	1,999,151	2,075,577
Kentucky	1,206,694	1,092,155	Utah	419,174	274,503
Louisiana	1,209,293	1,082,857	Vermont	177,114	167,058
Maine	339,496	311,206	Virgin Islands	140,900	137,558
Maryland	1,162,085	1,217,479	Virginia	1,269,219	1,355,116
Massachusetts	1,210,824	771,751	Washington	827,920	668,871
Michigan	1,631,655	1,582,859	West Virginia	658,222	575,844
Minnesota	963,337	1,129,666	Wisconsin	683,636	989,826
Mississippi	1,112,031	815,030	Wyoming	148,429	54,500
Missouri	953,305	924,511	Institution of higher learning	638,767	1,311,367

¹ Services under title V, pt. 1, of the Social Security Act. Includes \$4,750,000 earmarked for special projects for mentally retarded children.

² Services under title V, pt. 2, of the Social Security Act. Includes \$3,750,000 earmarked for special projects for mentally retarded children.

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